Daily Report

Latin America

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Cuba

Sixto Batista Offers Incentives for Combating Crime

FL0809014793 Havana Radio Rebelde Network in Spanish 2300 GMT 7 Sep 93

[Text] Today, in Camaguey Province, Division General Sixto Batista Santana, national coordinator of the Committee for the Defense of the Revolution [CDR], called on everyone to energetically confront all manifestations and activities that threaten our economy, social property, and the achievements of the Revolution.

Batista participated at the Fourth CDR Congress session in Camaguey Province and encouraged members of the mass organization to take control of the streets, close all paths to crime, and establish revolutionary justice. Batista went on to say that our people cannot let the achievements and benefits of the Revolution be taken away. Batista added that in fighting the delinquency of internal enemies, they would receive support from the authorities and justice.

The fourth CDR Congress session in Camaguey became another forum for reiterating the purpose of fighting in defense of the Revolution with the same spirit that inspired the organization when it was first organized. The delegates to the Fourth CDR Congress in Camaguey also analyzed issues related to the economic growth of the province. They discussed the achievements and contributions of family gardens with the use of agricultural areas that were previously nonproductive.

The delegates ratified Antonio Perez de Zaya as provincial CDR coordinator in Camaguey Province.

Parents Accountable for Kids 'Pestering' Tourists

FL0809010593 Havana Radio Rebelde Network in Spanish 1700 GMT 7 Sep 93

[Excerpts] In Cuba, the number of minors with misconduct problems, who may have done things the law calls a crime, is not alarming. The worst situation is to be found in the city of Havana, with social indiscipline. It basically consists of minors approaching foreigners to ask them for things. This is precisely the subject journalist Carlos Santana Ojeda discusses at greater length.

[Begin recording] [Santana] People have been noticing lately the way minors pester tourists, asking them for things. This is worrisome in itself, and because it happens all the time, I discussed the matter with Colonel (Cecilia Andresa Aldain), who is the top-ranking national authority for that work in our country.

[(Aldain)] We have analyzed this, and on occasion, well, there is a breakdown of values involved because these minors are put up to asking foreigners for things by their parents.

[Santana] What kind of treatment do these minors get who importune tourists?

[(Aldain)] We talk to them to the extent that we can. We talk at their schools so that the work of educating them will continue; and, to the extent that they are repeat offenders, we try to levy fines on the parents. Because really, a minor who approaches a foreigner, or who commits an act of indiscipline on a bus, which they have also done, needs.... [pauses] Anywhere in the world, the parents or legal guardians are always held responsible for their children's acts. We have not done this for awhile, but it is necessary for us to hold the parents responsible for everything. [end recording]

While the idea prevails in Cuba that minors pestering tourists can be avoided, a Chilean woman visiting the island revealed and interpreted, through the following statements, that minors were asking her for chewing gum. [passage omitted consisting of unidentified woman's statements])

Just because the situation in other countries is not exactly the same as it is in Cuba, this does not mean we should resign ourselves to allowing minors to pester tourists, asking them for things. The opinion that our country is politically, culturally, and spiritually rich prevails, and this leaves room only for a decorous image of social discipline.

Social Indiscipline Does Not Reflect 'Loss of Values'

FL0809002093 Havana Radio Rebelde Network in Spanish 1700 GMT 7 Sep 93

[Jose Armas Commentary]

[Text] There are respected comrades who believe that delinquent attitudes and social indiscipline reflect a process by which our society's values are being lost due to the economic crisis. We completely disagree with such a conclusion, if what they are trying to say is that there has been a breakdown of individual integrity. If not, what values are they referring to?

We do not believe we can speak about the loss of values, but to be more precise, about values that have never been acquired. If they had been acquired, they were never applied or sufficiently internalized to become unshakable.

Let us not forget that no society is homogeneous and it remains to be seen whether any society will ever be able to accomplish this. In attempting to generalize, in our opinion, what happens is that during times of austerity [tiempo de las vacas flacas], harmful things becomes evident, things that already existed but had gone unnoticed.

But we cannot speak about the economic crisis as a cause. That logic would make us believe that a society's loss of values is a consequence of the economic crisis

and, as we well know, this is not true. In the same manner, we believe that in Cuba's case it is not fair to talk about an economic crisis. Undoubtedly, the term economic obstacle [cerco] would be more appropriate. A crisis is an internally caused, cumulative process and the leadership of the country is not at all responsible for the difficult and complex situation we are going through today. We all understand very well the external factors that unleashed this situation, all of which have been explained and demonstrated with sufficient proof.

No small, underdeveloped country that we know of has ever had to face a similar challenge. No wonder Comrade Fidel said that no country would have been able to resist such an impact for 12 hours. Why was Cuba able to resist and why does it continue to resist? It is precisely because of the development of its society's values, not because of the loss of those values.

'Straight Talk' Discusses Pitfalls of Egalitarianism

FL0709142893

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1600 GMT on 6 September carries live its regularly scheduled program "Straight Talk" on the subject: Equality and Egalitarianism. Program host Juan Carlos Roque Garcia introduces guest journalist Diosdado Maso, who stresses egalitarianism is common in the agricultural sector. Maso points out that equality is a given in Cuban society. However, egalitarianism means inequality. For example, a worker who makes a special effort and whose crops render higher yields receives the same salary as a worker who does not care as much. Maso adds that a few years back, a program was started to pay workers according to their results but this program has been implemented too slowly and has not yielded results.

Maso goes on to say that contingents are a clear example of egalitarianism: Every worker earns 225 pesos no matter what job they perform, from the cook to the truck driver. Egalitarianism stops us from visualizing problems and hampers workers' motivation to perform better.

Maso adds that at the beginning of the Revolution, the relationship between humanitarian concerns and a workers' contributions became unclear. In Cuba, workers everywhere speak of their rights but not of their responsibilities. Since everything belongs to all, many think they do not have to contribute anything.

Egalitarianism is harmful. It is becoming clear that egalitarianism is harmful because it is an utopia. Not all individuals are alike, nor should all earn the same. A worker can do a complete job in four hours, yet others cannot do the same. Pedro Ross, Cuban Workers Federation secretary, spoke on steps to eliminate egalitarianism because to treat all workers alike hampers the economy. In paying workers we have to consider social, labor, and salary aspects.

A recorded segment of a Pedro Ross speech is played: "We are beginning little by little to implement this formula nowadays. When a hotel room, a beach, or a table at a restaurant is given to the workers who produce the most and it becomes harder and harder for the lazy and hoarder to get access these facilities, we are already using this formula."

Roque states that it is regretful that it has taken the special period to become aware of this long-standing problem. Maso adds that it is a fact that egalitarianism has done great damage to the economy yet it is never too late. Maso goes on: "Ross has said that each one of us is defending the accomplishments of socialism and socialism states: To each according to his labor. I have been pleased to see workers I interviewed in the fields enjoying hotel facilities with their families. The measures being taken to eliminate this illness, egalitarianism, are praiseworthy." Roque concludes by saying these measures are welcome.

CIEM Director Views Measures To Reactivate Economy

PA0709223393 Havana Radio Havana Cuba in Spanish 0000 GMT 4 Sep 93

[Interview with CIEM Director Osvaldo Martinez by Barbara Bethancourt in Havana; date not given; from the "Evening Information Review" newscast—recorded]

[Text] [Bethancourt] The Cuban state is doing all it can to readapt its economy to the conditions imposed by its loss of ties with the now nonexistent socialist camp and a U.S. embargo, that has been toughened to the hilt now. Talking with distinguished economist Osvaldo Martinez, director of the World Economy Research Center, CIEM, here in Havana, we discussed the possibility of allowing private enterprise in the country, something that already exists clandestinely in the informal sector of the Cuban economy.

[Martinez] I would say this does not constitute a problem from a conceptual standpoint. I do not think it is an issue that calls for a discussion since I believe it is clear. I mean, self-employment is not something that should be viewed as a factor that is inimical to socialism or anything of the sort. I think this is something with which socialism can coexist perfectly well. More than that, I think it should coexist with it.

Under these circumstances, owing to the very adverse economic situation the country is experiencing, we have an underutilized labor force. We also have a series of goods and services that the state cannot pay for under the current circumstances. In some cases, we have some goods and services that the state, perhaps, could never provide efficiently under any circumstances. Logically, I think that self-employment is something that becomes necessary. I would remind you that the last congress of the Communist Party of Cuba in its economic resolution stated somewhere at the beginning that there would be

no problem on this from a conceptual standpoint. The economic resolution recognizes self-employment.

For this reason, I would say the purpose is to implement this measure of organizing self-employment and controlling it through economic instruments. Without aspiring to turn this into a solution by itself to the very complex current situation, I think this will represent a palliative to some extent.

[Bethancourt] You said this has to be organized and controlled and that is why this question comes to mind. For a socialist economy, does levying taxes on those private properties or revenues that self-employed workers, who after all are small-scale property owners, will earn constitute a distortion?

[Martinez] I do not think this will constitute a distortion. The tax could be levied on self-employed workers or applied on other tax recipients, which could be either private, foreign companies or state enterprises. I think a tax is an instrument or economic category that is universally implemented. It is something like mathematics, by itself it is neither capitalist, nor socialist, nor anticapitalist, nor prosocialist, nor anything of the sort. It depends.... [pauses] It is an instrument and everything depends on the context in which it is used.

[Bethancourt] Can we expect some sort of tax here in Cuba?

[Martinez] I would say.... [pauses] Keep in mind I do not hold a government post, and I cannot make predictions, therefore [chuckles] I am talking as an economist or scholar. In this respect, what I can tell you is that taxes are in no way, conceptually or in practice, at odds with socialism.

[Bethancourt] They have no sinister sign [words indistinct].

[Martinez] As a matter of fact, I think that under certain circumstances taxes that are properly handled can be more socially sensitive than prices, since taxes can be implemented selectively. One can exempt from paying taxes those whom one wants to benefit because of their income level. One can levy stiffer taxes on people whose income is higher. A price increase does not have the same degree of social sensitivity, I would say. A price increase affects everyone regardless of their income level.

I think the development of a tax system is perfectly compatible with socialism, and, in fact, I think it would be healthy for the Cuban economy. I regard it as one of the instruments to be used in a process of economic reactivation. It would help raise fiscal revenues and thus help balance the situation of our budget. I think that taxes, for example, speaking of the [words indistinct] you mentioned in your question, constitute a very adequate instrument [words indistinct] in a classic case. I am not discovering anything that economic theory had not mentioned a long time ago [words indistinct] a progressive tax in the case of self-employed workers. I think it would be a logical measure to be implemented (?now) [words indistinct] the development of a tax system [words indistinct] necessary in the process of economic reactivation.

'Academician' Foresees Economic Revolution in Cuba

PA0709210293 Paris AFP in Spanish 0934 GMT 7 Sep 93

[Report by Alfredo Munoz-Unsain]

[Text] Havana, 7 Sep (AFP)—A partial return to private enterprise, the state's relinquishing of burdensome and inefficient goods and services, and the establishment of taxes are three "revolutionary" suggestions revealed by a prominent economist on 6 September on one of Cuba's most widely heard radio stations.

Radio Reloj, which broadcasts from Havana to the entire island, broadcast an interview with Osvaldo Martinez, director of the World Economy Research Center (CIEM), which Radio Havana Cuba had previously broadcast by short wave radio to other countries.

The CIEM is an unorthodox think tank presented by the authorities as an ONG (nongovernmental organization), which has studied the theories of the most noteworthy Western economists for years.

Weeks ago, former CIEM Assistant Director Luis Osvaldo Rodriguez was appointed minister-president of the State Finance Committee.

CIEM Director Martinez warned during the interview: "I do not hold government positions and, therefore, I cannot make predictions; I am speaking as an economist, as an academician."

However, Martinez is also president of the recently created Economic Affairs Commission at the National Assembly of People's Government; that appointment and the broadcast of the interview by a popular radio station hint at "psychological preparation" for upcoming noteworthy changes in the economic system following the dollar's "deregulation" in August. Martinez' statements during the broadcast may predict a true "economic revolution" within the Cuban revolution according to observers.

He answered, "I believe so," to the question "might it be expected that several forms of private enterprise, which already exist in the informal sector (black market), will begin to be allowed? It is obvious that self employment (...) is something that socialism can coexist perfectly with," he said, adding: "self employment is a necessity."

Cuba, Martinez pointed out, is experiencing a "very adverse economic situation" and in addition to an "underused labor force" there are "a number of products and services that the state cannot provide under the current circumstances. In some cases," he added, "the

state might not be able to effectively provide certain products and services under any circumstances."

The president of the Economic Affairs Commission mentioned the "profound economic depression of the past three years" in Cuba, which has been aggravated by excessive working capital which, he said, "is probably the problem we must tackle most vigorously at this moment."

Upon repeating the official, public calculation of 9 billion excess pesos in working capital, he described the situation as "a vicious circle that must be broken." Excess working capital "discourages work, work attendance, productivity and efficiency on the job," he said. "There are many measures to deal with this problem and this is what we are currently debating," Martinez said. He pointed out that among those possible measures is the establishment of a tax system in Cuba, which is "a universally implemented economic mechanism. I even believe that it would be healthy for the Cuban economy. I view it as one of the tools that should be used in an economic reactivation process," he said.

Martinez underscored that self-employment could be "regulated and controlled through economic mechanisms" such as taxes. Taxes applied selectively to foreign investments, state institutions, and private enterprise: lower for low incomes and higher for higher incomes, to help balance state finances, he said.

"I believe we should undergo a gradual process of rescuing (the buying power) of the national currency" and that "out of necessity, at a given moment," it will be necessary to establish "economically founded exchange rates" so the peso can "be converted to foreign currencies," he said.

These exchange rates would be "differentiated, depending on their purpose" to "encourage tourism, capital investments, foreign trade and for nationals seeking to purchase foreign currency." He explained, however, that in his opinion the suggested exchange rates should come in a "later phase."

Andalusia, Spain To Revitalize Malecon; Mayor Visits

FL0809011593 Havana Cuba Vision Network in Spanish 2220 GMT 7 Sep 93

[Excerpts] Today, Jose Antonio Barroso, mayor of Puerto Real, announced that the government of Andalusia, Spain, will participate in a new plan to revitalize Havana's Malecon and surrounding areas. Barroso is visiting Havana precisely to fix the details of this project. He is accompanying a delegation from the government of the autonomous region of Andalusia, which traveled to Havana to offer its support for a long-standing architectural revitalization project. [passage omitted]

During his visit to Regla Municipality, where he toured historic sites and educational centers, Barroso announced that another three ships with 50 buses, several trucks, and hundreds of tons of food and school supplies will be leaving for Cuba soon.

Holguin Province Holds Fourth CDR Congress Session

FL0609013393 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 Sep 93

[Text] [Reception fades in] sessions of the Fourth Congress of the CDR [Committees for the Defense of the Revolution], province by province. Holguin today held its session. Safeguarding the fatherland, the Revolution, and the achievements of socialism were the main topics of the Holguin session of this congress. Division General Sixto Batista Santana, national CDR coordinator, expressed the position of CDR members and the nation's leadership clearly, since the very existence of the Revolution is at stake:

[Begin recording] ...the achievements of socialism, where what is at stake is our dignity; our right to independence; to have a fatherland, flag, and national anthem; to not be slaves; to not be a colony of [words indistinct]. That is what is at stake, for us. Our very existence as human beings is at stake. That is, our hand is not going to tremble. [end recording]

Other matters discussed were the food program and support for the economy. From the main report, we learned that the plans for planting trees and collecting raw materials were exceeded, and that there have been 40,920 blood donations so far this year, an average of one donation per 20 inhabitants.

The delegates to Holguin's CDR congress ratified Jose Aguero Saldivar as the provincial CDR coordinator and voted on his candidacy to the national CDR leadership.

This is Jorge Quevedo, reporting from the Celia Sanchez Manduley Theater at the provincial headquarters of the Communist Party of Cuba in Holguin.

Dominican Republic Participates in Tourism Agreements

FL0809012293 Havana Cuba Vision Network in Spanish 2220 GMT 7 Sep 93

[Text] The immediate drawing up of agreements, that will contribute to promoting Cuban tourism, has been announced in Santiago de Cuba at a meeting of tourism journalists, tour operators, officials from the Dominican Republic, and executives of the Cubanacan corporation. It is the objective of Cubanacan, which runs more than one-fourth of the nation's hotel capacity, to develop multi-destination tourism in a spirit of non-competitiveness; in a spirit, rather, of integration with the Caribbean, given the growing interest of other places in Caribbean tourism.

Prior to the meeting, the visitors evaluated the tourist potential of Santiago de Cuba province.

Former Caribbean Diplomat Views Cuba

FL0709171493 Bridgetown CANA in English 1639 GMT 7 Sep 93

[First of a three-part feature series on Cuba by Ron Sanders]

[Text] Bridgetown, Barbados, Sept 7, CANA—CANA today moves the first of a three-part feature series on Cuba by former Caribbean broadcaster and diplomat Ron Sanders, who recently concluded a visit to Cuba. Views expressed in the series are those of the writer. (Ron Sanders is a former Caribbean diplomat and broadcaster, now an international relations consultant to multinational businesses. He visited Cuba in August and compiled three reports. The first one follows).

In normal circumstances Cuba could be a giant in the Caribbean region. It could dwarf other Caribbean countries economically, and play a far more significant political role in world affairs than any other regional territory. Instead, Cuba is paralysed, its economy unable to realise its full potential and its politics frozen in a cold war that has melted away everywhere else.

Cuba with 44,218 square miles is about half the size of Guyana—the largest state in the Caribbean Community (Caricom) at 83,000 square miles. Its population is 10 million people, twice the number of all the Caricom states combined. It has 17,000 hotel rooms, five times more than either Antigua or the U.S. Virgin Islands, both of which are primary tourist destinations in the region. In 1990, 400,000 tourists visited Cuba and the numbers are rising every year. In agriculture, Cuba is the world's single largest sugar producer although its harvests are badly affected by shortages of oil and spare parts. The island's banana and citrus production is vast.

Manufacturing is down considerably. Some experts estimate current output at half that of 1989. But, the infrastructure for increasing production is already in place. Cuba is well served by motorways and its feeder roads are equal to the best main roads in some Caricom states and better than many. Electricity infrastructure is also well established, and it is evident that, until recently, it has been well maintained.

Cuban tourism is already bigger than that of some Caribbean states such as Antigua and St. Lucia, and it is on the verge of a significant take-off if the quality of the food and the availability of transportation can be improved. Tourists now come mainly from Canada, Spain, Venezuela, Mexico, Germany, and Argentina. The Cuban Government has entered joint venture arrangements with companies in Spain for further development of tourist facilities in beach resorts especially the northern area of Varadero. An increased number of flights from Europe coupled with packaged tours looks set to expand the volume of tourists the island already welcomes. Tourism promotion efforts are being directed at Britain, France, and Italy. Simple curiosity about Cuba is likely to increase the number of visitors if the tours, including direct flights from European capitals, are finalised.

Cuba's attractiveness as a tourist destination and its potential for enticing larger numbers of visitors are enhanced by the Cuban people who are naturally friendly and open, and the staff in hotels and restaurants are warm, smiling and helpful—a far cry from the maturing unhelpfulness, scowls, and dismissiveness apparent in the staff of hotels in many Caricom states.

The principal contributor to Cuba's inability to fulfill its potential role as a giant in the Caribbean is the U.S. trade embargo which refuses it both a large market for its production and access to capital for investment in desperately needed technology. But that is not the sole cause, two other factors contribute to Cuba's paralysis. The first is the effect of 30 years of dependence on the former Soviet Union and the markets of the former Eastern European states. The second is a political-economic system which stifles private initiative and denies incentives to production.

Until its break-up, the Soviet Union provided U.S. 5 billion annually to Cuba including all the island's petroleum needs. Today, Russia, faced with its own chronic economic problems cannot provide such massive assistance. And, the sudden end to this largesse has created severe hardships for a people long accustomed to the state meeting all their needs.

While rationing is a customary part of Cuban life, electricity and transportation were not in short supply until recently. Today, Russia's petroleum supplies have to be paid for in hard currency, and in mid-August a boat arrived with petroleum and left with its full cargo on board because the Cuban Government could not pay. The result is daily electricity black-outs lasting as long as 16 hours and the withdrawal of buses from the roads.

The network of roads throughout Cuba portray a vivid picture of the effect which almost total dependency on the former Soviet Union has had on Cuba. There are Soviet-funded dual carriageways linking Cuba's main towns, each carriageway is capable of carrying four lanes of traffic. But, petrol stations have no petrol, and often no electricity to pump such meager supplies as they seldom have. Consequently, Cuba's massive road system serves an increasing number of bicycles imported from China and Russia, and an even larger number of pedestrians who occasionally find respite from very long walks in blistering heat by piling onto trucks which pass by infrequently.

Food and clothing rations have become more stringent. Women are now allowed one brassiere a year. And, when I took two Cuban university students to lunch at one of many foreign currency restaurants, I was shocked to discover they had never seen—let alone—eaten prawns before. The food shops are bare and any new stocks immediately create a line of people. Clothing stores are even worse and only Cuban made shoes are available in

the shoe shops. In the town of Colon, enquiries about a children's clothing store which appeared well stocked revealed that it sold only second-hand clothing at what Cubans considered expensive prices.

After waiting four hours at a bus stop only to see a solitary bus pass-by packed to overflowing with passengers, a Cuban man echoed the frustration of his fellow sufferers in the line when he declared: "No gasoline, no electricity, no transportation, no food—no good." His reaction—while significant in a country where people have been careful to avoid public dissent—was mild in comparison with incidents of vandalism and hooliganism reported by foreigners and diplomats in the last month. Among these incidents were the smashing of shop windows and windscreens of buses. But, even more worrying for the government were slogans criticising President Fidel Castro and the stoning of the houses of low-level party militants during black-outs.

In a sharp—but obviously troubled—reaction to these incidents Jorge Lezcano Perez, the Communist party chief in Havana, was reported by the Sunday newspaper, TRIBUNA DE LA HABANA, as saying "tough measures were being introduced to halt delinquency and support revolutionaries in their defence of society."

The incidents of protest should not be interpreted, however, as an indication of a society on the verge of mass protest. This is not so. While anger and frustration over daily hardships have evoked some extreme behaviour, and discreet questioning of Castro's policies, for the most part the Cuban people appear to be enduring their hardships with patient determination. The lines for what little is offered by the food stores are orderly, people waiting for the occasional bus or lorry do so with measured patience, and national reverence for Fidel Castro remains widespread. Cubans philosophically refer to their current hardships as "this period of crisis," and there appears to be a genuine expectation that it will pass.

But, if the hardships persist, it is unlikely that even the genuine love of Castro amongst his people will sustain their patience. Officials in the Cuban Government recognize this, but they have to balance a hard-line element in the Communist party against the clear necessity for change. They also acknowledge that a crucial part of the process of change are measures to encourage the U.S. Government to lift its trade embargo. It is clear, however, that such measures do not include what one Cuban diplomat describes as "surrender to the United States." GRANMA reports President Castro as saying in Colombia recently that "Cuba would neither impose nor accept conditions for negotiating with the United States," though it is evident that he would like such negotiations.

However, U.S. President Clinton reiterated to five Caricom leaders on August 30 in Washington that his administration will maintain its trade blockade against Cuba. But, the utility of maintaining the blockade in order to force change in Cuba is doubtful, indeed it may have the opposite effect in the short and medium term. In the judgement of many observers, conditions which the U.S. wishes to see implemented in Cuba may be quicker and better attained by politics of engagement between Washington and Havana. At the moment Havana has no carrot to encourage change, and the stick has not proved unendurable.

Meantime, in the current context, relief for Cuba's beleaguered people—and political change in Cuba—does not rest in an early improvement in relations between the U.S. and Cuba.

Ecuadoran University Confers Honorary Ph.D. to Castro

FL0809015393 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 8 Sep 93

[Text] Today, the Northern Technical University [Universidad Tecnica del Norte] in Ibarra, Ecuador, conferred the degree of Doctor Honoris Causa to Cuban President Fidel Castro in recognition of his struggle on behalf of mankind. This decision was reached unanimously by the university council in consultation with the university's workers and students. The resolution points out that it is only fair to acknowledge the achievements of the Cuban Revolution, in which Commander in Chief Fidel Castro has devoted himself to developing a new man, and that these things have turned him into a world leader and an authoritative spokesman for Latin America and the Caribbean.

Through university rector (Antonio Poso), Fidel was officially invited to visit the Ecuadoran city of Ibarra.

Haiti

Armed Men Take City Hall, 'To Kill' Paul Supporters

FL0709215193 Port-au-Prince Radio Metropole in French 1800 GMT 7 Sep 93

[Text] If Evans Paul [K-Plum] attempts to return to City Hall, he will be killed, according to a statement made by a group of armed men who have taken possession of the communal administration in Port-au-Prince to oppose the return of Mayor Evans Paul to City Hall. They say they are ready to kill anyone who assists Paul in his return.

More on City Hall Occupation

FL0709234693 Port-au-Prince Radio Metropole in French 2200 GMT 7 Sep 93

[Excerpts] There is tension at the Port-au-Prince communal administration on the eve of the announced return of Mayor Evans Paul. Today, the City Hall building is occupied by heavily armed civilians, who loudly assert that Mayor Evans Paul cannot step into City Hall on Wednesday, 8 September. The armed

civilians are also making death threats against Evans Paul and assert that they do not recognize the government led by Robert Malval. Edner Jean filed a report:

[Begin recording] [Jean] Weapons in hand and threats in their mouths, the men at the Port-au-Prince City Hall are watching the communal building, which today they consider to be their National Palace. The watchword: It is out of the question that K-Plum [Paul] enters. The elected mayor of the capital is their pet hate, which must be killed. One has the impression that an entire plan was designed to this effect. From listening to the men at Port-au-Prince City Hall, one can guess the reception reserved for Evans Paul on 8 September. For the time being, they are preparing for battle and have arms of all calibers, enough to murder Prime Minister Robert Malval and the capital's mayor, thereby opening the way to civil war. These are the words of the men in City Hall.

[Unidentified speaker in Creole] This K-Plum affair is a disaster, a catastrophe. The person speaking is Zimbabwe, the street heat of Haiti. Since they say that K-Plum must come here, I would like to know how. I would also like to know if the prime minister will come with him. I expect that the prime minister will accompany him. Both of them, the prime minister and K-Plum, will be dead right here before my palace. The Port-au-Prince City Hall is our palace. It is held hostage until further orders.

[Jean] Why are those men in City Hall so hostile toward Evans Paul? Because the mayor is a lavalas, they say. He is also accused of acquiring debts on the Port-au-Prince City Hall account and of allegedly mistreating some employees during his seven months at the head of City Hall. They also accuse him of being a arsonist and terrorist. Beyond these accusations, however, it is mostly a question of settling scores.

[Unidentified speaker] K-Plum was at the head of City Hall when Roger Lafontant was killed. If the case of Roger Lafontant's death cannot be tried, how can K-Plum negotiate with people who were Roger Lafontant supporters? We have lost our leader, while his leader is alive. We cannot negotiate with K-Plum. He must give us Roger Lafontant's life. It is revenge for Roger Lafontant.

It is not a question of hired thugs, or anything else, or City Hall. K-Plum is alive. He is one of the authors of this crime. All the people are authors of this crime whether in the parliament, City Hall, or among the ministers. They will pay for it because we will try the death of Roger Lafontant no matter what, because we see there is no state to hold the trial.

[Jean] To prove that they speak seriously, these men in City Hall challenge K-Plum partisans to show up around the communal hotel. Since last Thursday, 2 September, not a day went by without someone being attacked for daring to say the name Evans Paul. A 35-year-old man whose head was seriously injured is an example. [passage omitted]

In any case, the 8 September 1600 GMT appointment remains. Evans Paul is going to take back his post. Prime Minister Robert Malval, in person, will install the elected mayor in a city hall that more resembles a fortified camp, protected and booby-trapped. [end recording]

State Media Off Air for Reorganization

FL0709155693 Port-au-Prince Radio Metropole in French 1045 GMT 7 Sep 93

[Report by Jean-Max Blanc—recorded in Creole]

[Text] The new minister of information has established a five member council for state media while awaiting the appointment of a new director for the radio station and television. This decision must be made soon. Several new journalists have allegedly been hired in order to form a new editorial team in both media. The state media has not broadcasted any news since the formation of the Malval government. We have learned from well informed sources that some new appointments will be made very soon at the national radio and television. Negotiations will be initiated to reduce the staff of both institutions.

[Jean-Max] Authorities in the Malval government are ready to reorganize the state media. Several credible sources have advised that the reason for this reorganization is to eliminate bad propaganda carried by that media. A total of 352 employees were employed: 190 in television and 162 in radio. The authorities do not intend to take measures against all employees. They will, however, eliminate all posts where people were getting paid without having to do too much.

They name, for instance, Radio Nationale where there were eight cleaning persons, 10 receptionists, and six drivers for one car out of four cars that run. A total of 27 employees were working in the news room and six correspondents throughout the country. The biggest radio station in the capital only uses 10 reporters for its information section. According to sources, Radio Nationale does not have a well-defined budget or an accounting plan. In addition to that, there is no mechanism in place to manage the staff and the equipment that is now worn out. The people formerly in charge disregarded radio scheduling, in other words, they did not use it.

As for the reorganization of national television, which employs 190 employees, authorities say that their main concern is to find a balance in information and to facilitate dialogue between all the sectors in society, without any exception, so that the democratic process can move forward.

Meanwhile, authorities intend to establish a limited program until they form a new team. That does not mean that all the reporters will lose their jobs. Competence, however, will be taken into account. National television

will have a temporary administrative council. The members of this council include Minister of Information Herve Denis as president; Frantz Marcelin, who is the general director-designate of the television; the former television program director, (Suazel Henriquez), who is the director of the National Radio; Jacques Michel Gourgues, member of the private cabinet of the minister of information, as adviser; Yves-Mary Chanel; and two former television directors, Marvel Dandin and Herrold Jean-Francois.

The former authorities of the state media only left 8,954 gourdes in the minister of information's account. The state media will resume working, at the latest, on 9 September.

Exiled Former Presidents Return to Country

FL0709210893 Port-au-Prince Radio Metropole in French 1600 GMT 7 Sep 93

[Text] Exiled Haitians are returning to the country. Former military president and general, Prosper Avril, returned to Port-au-Prince on 2 September from the Dominican Republic, the day the new government was installed, following Prime Minister Robert Malval's call for all exiled citizens living abroad, without exception, to return to their country, and for all exiled living inside the country to return to their homes.

Avril refrained from making statements to the press and went directly to his residence in the Juvenat neighborhood. Remember that Avril was forced to return to the Dominican Republic on 24 November 1992 while attempting to enter Haiti [via the Dominican Republic] after leaving the United States where he had been residing near Miami, Florida.

It should be noted that a trial in Florida jurisdiction set the former president against a group of Haitian political personalities, including Port-au-Prince Mayor Evans Paul and PANPRA [National, Progressive Revolutionary Party of Haiti] leader Serge Gilles. In a recently released book entitled, "Verites et Revelations" [Truths and Revelations], the former military president defends himself against accusations of torture and arbitrary arrests.

The alleged return of former military president Henri Namphy has also been announced. He allegedly intends to return to Haiti for a limited stay. In addition, the former Port-au-Prince mayor [not further identified], also exiled in the Dominican Republic, has, for several months, reportedly been making frequent trips to Haiti.

St. Lucia

Labor Minister Recommends 'Some Form of Adjustment'

FL0809021293 Bridgetown CANA in English 2054 GMT 7 Sep 93

[Text] Castries, St. Lucia, Sept 7, CANA—Although spared having to go to the International Monetary Fund for a structural adjustment programme, St. Lucians should think about "some form" of adjustment, Labour Minister Louis George has suggested.

"At the domestic level, we have to adjust to the fact that the level of economic returns have been dramatically reduced," George told the opening here of a four-day seminar for local trade unionists. He said farmers had to adjust to the fact that the level of returns from bananas had been reduced, as had housewives, merchants, and others.

"All of that creates a situation for us in St. Lucia to start thinking of our own form of adjustment," George added. He said that while St. Lucia was not under any "formal" type of structural adjustment programmes, the island had to come to terms with "a number of realities." He listed among these losses to the banana industry, and the loss of jobs by hundreds of garment industry workers due to closure of factories here.

"The experiences of other Caribbean countries undergoing structural adjustment programmes have highlighted quite unambiguously, the need for meaningful dialogue," George noted. He said it was clear that the "traditional" responses from trade unions to stringent measures introduced by governments "only create more chaos, dissatisfaction, resentment, and more negative effects on the already depressed economies and the workers concerned".

George said it was necessary for St. Lucia to address itself to "aspects of adjustment" and attempt "in our own little way" to introduce belt-tightening measures.

The four-day seminar here is sponsored in part by the International Labour Organisation (ILO).

Commerce Secretary on NAFTA, New Jobs in Region

PA0409035593 Mexico City XEQ Canal 9 Television Network in Spanish 0200 GMT 4 Sept 93

[Report by Rita Ganem from the "Plenty of News" program—live relay by Mexico City XHTV Television Network]

[Text] Jaime Serra Puche, commerce and industrial development secretary, reiterated that the free-trade agreement and its complementary agreements will encourage new, better-paying, and permanent employment in the countries where it will be implemented. At the same time, the free trade agreement will spur more resources to be used in improving the environment.

[Begin Serra recording] Every evaluation that has been conducted with respect to the free trade agreement and its effect on employment reveal without exception that the agreement will promote more employment in the North America region. This will take place, because through NAFTA [North American Free Trade Agreement] the region will be more competitive vis-a-vis other regions in the world. In addition, we will have more capacity to penetrate other international markets. [end recording]

Serra inaugurated the second national meeting of the Regional Advisory Councils for International Trade Negotiations in Mexico City. He explained that the purpose of these advisory councils is to keep the country well informed and to take advantage of the opportunities offered by trade agreements with other countries.

The peasant sector was represented during the meeting by Hugo Andres Araujo, the academic sector by Jorge Bustamante, the labor sector by Nezahualcoyolt de la Vega, while the business sector was represented by Juan Gallardo.

Patterson, President Salinas on NAFTA Importance

FL0409105693 Bridgetown CANA in English 2107 GMT 3 Sep 93

[Text] Kingston, Jamaica, Sept 3, CANA—The North American Free Trade Agreement (NAFTA) and the proposed Association of Caribbean States (ACS) topped the regional issues explored during the two-day official visit to Mexico this week by Jamaica Prime Minister Percival Patterson. A release from the prime minister's office here said Patterson and Mexican President Carlos Salinas discussed the importance of NAFTA in "the hemispheric movement towards free trade" and the potential impact on Caribbean Basin Initiative (CBI) countries.

Patterson, who is now in Honduras after leaving Mexico Thursday, reportedly sought the support of Salinas in getting the Gibbons Bill which seeks parity under NAFTA for Caribbean Basin countries, passed in the United States Congress.

Mexico, United States, and Canada are party to the proposed free trade agreement which will place North America alongside the European Community as the biggest free trade area in the world.

Salinas told Patterson that Mexico had a "positive interest" in becoming a member of a loose Association of Caribbean States (ACS) which would include English-speaking and non-English speaking countries of the Caribbean region. Mexico would be a part of a meeting scheduled for later this year to discuss objectives, structure, and the operating methods of the ACS, Salinas promised.

He also confirmed his country's participation in a planned meeting involving Caricom [Caribbean Community], and Suriname as a "further demonstration of Mexico's commitment to the growth and stability of the Caribbean region," the release said.

Both leaders agreed on the need for re-incorporation of Cuba, subjected to a trade embargo by the United States, into the "inter- American system." The two were "at one" on the need to assist Haiti once constitutional order had been restored.

Patterson expressed appreciation for the renewal of the San Jose Accord under which oil and credit are provided by oil-producing Mexico and Venezuela to Jamaica and other regional countries, at concessionary terms. Patterson hoped that with the accord now under review, any new mechanisms would ensure "full utilization" by beneficiary countries.

During his "busy schedule" in Mexico, Patterson, who was accompanied by a high level Jamaican business delegation, urged Mexican entrepreneurs to invest in Jamaica. He pointed out that agreements including lines of credit and other mechanisms for cooperation already existed to facilitate investments.

"We have a stable political climate—we have a sound economic environment. Not only are we proximate to the fastest growing markets in the world, but we also have arrangements through the Lome Convention with the single market of Europe," said Patterson.

Douglas Orane, chairman of the Private Sector Organisation of Jamaica (PSOJ), who heads the business team in Mexico, announced that a private sector mission would be visiting Mexico "in the very near future" to continue to explore areas of trade and investment.

During his two days in Honduras, Patterson and his host president Rafael Callejas will focus heavily on the dispute between Central American banana-producing countries and Caricom on the protection provided to bananas from African, Caribbean, and Pacific (ACP) countries in Europe.

'Narcotunnel' Found on Sonora Northern Border

93wb0058C Mexico City EXCELSIOR STATES Section in Spanish 30 Jul 93 pp 1, 4

[Article by correspondent Francisco Santacruz Meza]

[Text] Agua Prieta, Sonora, 29 July—According to a report from the general director of municipal public security, Manuel Valenzuela Montes, another tunnel presumably intended for use by drug dealers to move drugs to the United States was discovered today by police agents. Hence, its existence was immediately reported to the federal authorities.

He remarked that the tunnel is located on First Street, between Avenues 29 and 30, where an iron stairway for climbing down to a depth of 2.30 meters is visible.

The inside measures 50 cm wide by 4.30 meters long, with an L-shaped structure, leading to a small storage place measuring four square meters. He indicated that it contained four strongboxes, 45 cm by 1.30 meters in size.

Their locks had been forced open with a blowtorch by a person whose identity is unknown, because this discovery was never made public. However, he remarked, the strongboxes are presumed to have contained money when the drug-trafficking activities here were frequent.

In Agua Prieta there are many properties confiscated from drug dealers some time ago that are in a complete state of abandonment. They include farms, houses, and buildings that were symbols of the wealth and power of those criminals years ago.

They have now been destroyed by groups of vandals. In the past, however, during a "utopian" era, groups of men would emerge from them "squandering" dollars in the local business establishments and nightclubs.

Plane Intercepted in Sonora After Cocaine Drop

93wb0058D Hermosillo EL IMPARCIAL in Spanish 31 Jul 93 p 6A

[Article by Javier Corella]

[Text] Agua Prieta, Sonora, 30 July (PH)—A small Cessna airplane whose occupants presumably had "dropped" 18 packages of cocaine with a total weight of 462 kg in Tucson was intercepted at the local airport after being pursued by DEA [Drug Enforcement Administration] agents in three planes.

The report received by all the Mexican police forces and Army personnel prompted considerable mobilization in this town and in Cananea, where the presumed "narcos" were at first thought to have attempted a landing.

In fact, the aircraft's two crew members, Paulino Cazarez Cardenas, aged 26, and Carlos Rios Bernal, 22, both natives of Guasave, almost escaped. However, one of the police agents discovered them among the military and immediately took them into custody.

First, the DEA reported the pursuit of the plane to the Mexican police forces, having first requested permission for its aircraft to fly in if the two drug traffickers crossed into the national territory.

When it was confirmed that the small plane was heading toward La Calera airport in Agua Prieta, about 20 soldiers, two members of the Federal Judicial Police, five State Judicial Police agents, and several municipal policemen took up positions there.

When the military and police began arriving, the plane's two crew members had already landed. They were warned by the soldiers to move aside to avoid danger, since another plane was expected to land.

The confusion was due to the fact that three planes were flying over the airfield, and it was thought that one belonged to the traffickers.

When the small white Cessna 182 Centurion II with red stripes and registration XB-FFW had been properly identified, it was searched. A 38-caliber super squad pistol was found inside.

The crew of one of the DEA planes requested permission to land, which was given by Brigadier General Mario Arturo Acosta Chaparro, chief of the military garrison. The aircraft was a Beechcraft 90, occupied by four agents.

It was explained that the small plane being chased had dropped several packages containing drugs, apparently cocaine, in the vicinity of Tucson.

The investigation of the case has been conducted confidentially, since it is presumed that the intercepted plane is connected with international rings shipping drugs to the United States.

PGR Investigating Money Laundering in Guanajuato

93wb0058B Mexico City EXCELSIOR in Spanish 29 Jul 93 pp 2-A-1, 2-A-6

[Article by Rafael Medina Cruz]

[Text] The Office of the Attorney General of the Republic sent a special group of investigators, headed by an agent from the Federal Public Prosecutor's Office, to Guanajuato State, to probe possible cases of the "laundering" of money from the drug traffic.

In an official memorandum sent to the state's governor, Carlos Medina Plascencia, the attorney general of the republic, Jorge Carpizo McGregor, noted that, last month, he had received a report from the Guanajuato State Attorney's Office on the 29 municipalities comprising that state. In that document, comments were made on drug-trafficking problems.

The official added that the report includes 14 possible cases of "money laundering," as well as a description and location of the domiciles of five persons presumably engaged in drug collection, consumption, and marketing.

In order to investigate the information provided, the attorney general sent 10 Federal Judicial Police agents, two members of the Federal Public Prosecutor's Office, a representative from the National Institute To Combat Drugs, and another from the department's Internal Auditing Office.

The personnel from the Attorney General's Office commissioned for this purpose will conduct a full investigation (the document states) of all the information furnished. In instances wherein sufficient evidence of the commission of crimes against health, or of other types of federal crimes, is obtained, the pertinent remands will be implemented.

For this task, the special group will be backed by the PGR's state agency in Guanajuato. In the official note, Dr. Carpizo requested of Governor Medina Plascencia that the Guanajuato government and its State Attorney's Office provide the investigators "with the only important element in such cases." He defined the latter as a "contribution of evidence and more evidence concerning the information that has been given to us."

The report sent by the State Attorney's Office includes charges received by the office in its four regions during the period from 1 November 1991 to 15 June 1993.

In the final part of the text, Attorney General Carpizo emphasizes that the institution headed by him has as an objective and a commitment "a thorough investigation of this information, so as to procure all the necessary evidence with which to act according to law."

Guatemala

Activists Occupy Congress To Protest Deputy's Statements

PA0709231693 Guatemala City Teleonce Television in Spanish 1900 GMT 7 Sep 93

[Text] Activists, representing popular organizations, occupied the Legislative Palace today when they stormed into the hemicycle and blocked a plenary session, which the two antagonistic directorates had called for 1000. Several civilian groups were involved in the violent action, which included knocking down a door of the Palace on the side of the Eighth Avenue and 10th Street intersection amid activists' shouts protesting the deputies' attitude, especially during the stormy 5 September session.

This morning's incidents at the Legislative Palace occurred minutes after Deputy Jose Lobo Dubon, president of the legislative directorate that was disavowed by more than 60 congressmen, said that the country is facing a serious institutional crisis, the solution of which will depend primarily on the stand taken by President Ramiro de Leon in the next few hours:

[Begin recording] [Lobo] I think the country is facing a generalized political, economic, and social crisis. The situation has deteriorated in Congress because the ball was thrown into our court. We hope, however, that the president himself will come up with immediate solutions. He said he will give a radio and television address tonight. We hope he will announce a reasonable proposal to end this government crisis that could seriously deteriorate the economy and intensify violence throughout the republic.

[Unidentified reporter] [Question indistinct]?

[Lobo] Absolutely not.

[Reporter] What is happening right now?

[Lobo] We are facing an illegal action by certain deputies, some of whom, incredibly, are lawyers. They have tried to violate the Constitution and bylaws. They have tried to impose a de facto directorate, a sort of coup d'etat in Congress. This is an unusual situation that was not intended in the laws of the Republic.

Thus, in keeping with the Constitution and out of respect for the legal state, we have resorted to the appropriate organizations, in this case, the Constitutionality Court, to ask it to define the juridical status of this situation.

[Reporter] [Question indistinct]?

[Lobo] We are facing a de facto situation. Let us wait for a judicial ruling.

[Reporter] [Question indistinct]?

[Lobo] [Words indistinct] hold talks with them if they are willing within the framework of the law. We will not allow them to impose de facto situations [words indistinct], and we went to the Constitutionality Court to ask it to settle this situation according to the law.

[Reporter] This has reached violent levels.

[Lobo] It is regrettable that forceful means were used. They knocked down doors and clearly violated the law. It is uncivilized to break down doors to impose one's views and occupy an office.

[Reporter] [Question indistinct]?

[Lobo] That is what they should do; that is what laws are for; that is what the organizations established by the Constitution and other laws of the country are for.

[Reporter] [Question indistinct]?

[Lobo] [Words indistinct] we will talk to the deputies to assess the situation. If they want to impose a de facto situation and resort to violence, we will discuss that [sentence as heard]. We are, however, awaiting the court's decision.

[Reporter] [Question indistinct]?

[Lobo] I do not know. I just arrived. I will talk to the deputies to determine their mood

[Reporter] What would be the mechanisms to start [word indistinct]?

[Lobo] The usual ones, the ones established by law. We need to establish a quorum and start discussing the order of the day.

[Reporter] What will happen if there is no quorum?

[Lobo] We will not be able to start the session. [end recording]

Report Details Groups' Demands

PA0709232793 Paris AFP in Spanish 2200 GMT 7 Jul 93

[Text] Guatemala City, 7 Sep (AFP)—Hundreds of demonstrators from grass-roots organizations occupied the Congress building in Guatemala City on the morning of 7 September to demand the resignation of the 116 deputies and advance elections to end the crisis.

After holding a "symbolic session" at the Legislative Palace, the demonstrators issued a communique demanding congressional elections in two months and the promulgation of reforms to the law regulating elections and political parties.

In a statement to the press, Nineth Montenegro, spokesperson for the Labor and Popular Action Union (UASP), the largest trade union in Guatemala, said the reforms will enable grass-roots organizations and civic committees to participate in the elections.

Montenegro, coordinator of the Mutual Assistance Group (GAM), headed the "symbolic session" at the legislature, which was attended by Indians, housewives, unemployed people, and labor and grass-roots leaders, who broke the police cordon to enter the Legislative Palace.

Following the session, Montenegro asked the demonstrators to leave the building to show "the people's political willingness and disposition for dialogue, tolerance, flexibility."

Meanwhile, the deputies, whom the police did not allow to enter the Legislative Palace on 7 September, continued with two boards of directors, both of which claimed legitimacy after the so-called Group of 70 on 5 September disavowed the board headed by Christian Democratic Deputy Jose Lobo.

The presidents of both boards got into a fist fight on the night of 6 September inside the Congress building.

The Guatemalan political crisis began in August when President Ramiro de Leon decided to purge alleged corrupt government officials, starting with Congress and the judicial branch.

Court Declares Lobo's Congress Board Legitimate

PA0809042393 Paris AFP in Spanish 0304 GMT 8 Sep 93

[Text] Guatemala City, 7 Sep (AFP)—Judicial sources reported that, this evening, the Guatemalan Constitutionality Court (CC) declared the Congress directorate board led by Christian Democrat Jose Lobo, which was disavowed on 5 September by an opposition parliamentary group, legitimate.

A CC ruling issued on the evening of 7 September supports Lobo and his directorate board and annuls the action taken by Arturo Soto of the conservative Guatemalan Republican Front (FRG), who attempted to become the new Congress president.

On 5 September, a violent legislative session convened to decide on the purge of that state branch, which is accused of corruption, concluded without agreement and a group of deputies proclaimed a new directorate board.

The so-called "Group of 70" deputies propose the purge of only 16 "bad deputies" out of 116 deputies in Congress, as demanded by the National Consensus Coalition, a coalition of civil organizations. Paralyzed by the struggle between the two boards, Congress became the scene of fights among deputies and skirmishes between demonstrators and security forces on Monday and Tuesday.

On 6 September, Deputy Lobo filed an amparo writ in court, which later sent the writ to the CC, which is made up of six magistrates.

Lobo termed the resolution a "triumph of democracy," and the legislature asked President Ramiro de Leon Carpio not to meddle in the state branch's affairs.

The current political crisis was provoked by President Jorge Serrano's foiled self-inflicted coup d'etat on 25 May and deteriorated two weeks ago when de Leon Carpio issued an appeal for a "self-purge" in Congress and the Supreme Court.

New Board of Directors Reported

PA0709163093 Guatemala City PRENSA LIBRE in Spanish 6 Sep 93 p 2

[Report by Karl Yvan Arevalo V.]

[Text] On the evening of 5 September, after disavowing the congressional board of directors headed by Jose Lobo Dubon, 65 congressmen elected a new congressional board of directors headed by Arturo Soto Aguirre, a member of the Guatemalan Republican Front (FRG).

After waiting for three hours at the board of directors, which ended that afternoon the session that had been convened for the purpose of purging Congress, the congressmen decided to appoint a provisional board that would preside over the election of a new board of directors. The provisional board was formed by Arabella Castro Comparini, Carlos Alarcon Monsanto, and Hector Mayora Dawe.

The 65 congressmen agreed that their disavowal of the board was legal, because, according to the legislative branch's internal law, the plenum is the top authority and stands above that body of directors.

Soto Aguirre's board includes Mario Solorzano Martinez; Arnoldo Wilhelm and Carlos Perez, first, second, and third vice presidents respectively; and secretaries Cesar Porres Lessing, Froilan Villatoro, Rafael Oliveros, Antonio Secaira, Marco Tulio Merida, Carlos Merida, Jose Eduardo Leon Lee and Carlos Garcia Porras.

After the new board of directors was sworn in, the collective resignation of 76 congressmen was read before the plenum. In the document, they urged their colleagues to do likewise.

Upon assuming their new posts, the new congressional president and vice president said that Congress' autonomy had been recovered, and they pledged to continue struggling for the recovery of the legislative branch's credibility in the people's sight.

The new board of directors declared a permanent session and announced that their next meeting will be on 7 September from 1000 on. Moments after taking oath, Soto Aguirre received a telephone call from President Ramiro de Leon Carpio, who expressed support for Soto and all the other deputies.

Nicaragua

Government, UNO Agree on Supreme Court Election

PA0409041893 Managua Radio Nicaragua Network in Spanish 0310 GMT 4 Sep 93

[Report from the presidential building read by Presidential Spokesman Danilo Lacayo—live]

[Text] The government and the UNO [National Opposition Unity] political council have released this agreement, considering that the discussion continues at the Unity Room upstairs.

The Government of the Republic of Nicaragua and the UNO, recognizing the president of the Republic's constitutional power to send a three-name list of candidates to the National Assembly for the election of Supreme Court of Justice [CSJ] magistrates, and aware of the need to reinforce the judicial branch so it can serve the nation as part of a process to reform the state, hereby agree:

1. To strengthen the Judicial Branch's professionalism and independence to improve the state of law so that society can feel more protected by the administration of justice.

2. To give the Judicial Branch an appropriate budget for these purposes.

3. To promote, in accordance with the law, an increase in the number of CSJ members and their organization into chambers.

4. The three-name list of candidates, which the president of the Republic will send to the National Assembly for the election of magistrates, will be made up of lawyers of well-known capability and legal status to preserve the judicial branch's professionalism and independence. UNO will propose names to the president. A government-UNO commission will consider names of probable candidates proposed by UNO and others, as the president sees fit to consider, to discuss and decide the proposed three-name list. From among the three-name list submitted to her, the president will choose the one that will be sent to the National Assembly. If the government-UNO commission fails to reach a consensus on the three-name list, the president will make the final choice from the lists of candidates, based on their traits rather than political considerations.

5. To stimulate the establishment of a judicial career.

6. To encourage the creation of courts of administrative disputes.

[Issued] Managua, 3 September 1993

[Signed] Violeta Barrios de Chamorro, president of Nicaragua, and UNO National Coordinator Duilio Baltodano, in the presence of Victor Hugo Vargas, ambassador from Costa Rica; Bernardo Orlando Mendez, ambassador from Guatemala; Alvaro Romero Salgado, ambassador from Honduras; Luis Eduardo Varela, ambassador from Panama

Copies of the agreement will now be distributed. Thanks.

Center Group Leader Says Members Have No Reason To Resign

PA0709144393 Managua Radio Nicaragua Network in Spanish 1108 GMT 7 Sep 93

[Text] Gustavo Tablada Zelaya, president of the National Assembly, top leader of the self-styled Center Group, and a member of the Nicaraguan Socialist Party, says that the members of his group have no reason to resign. He added that they have made a counterproposal to the government and National Opposition Union [UNO]. The Center Group leader said that if the UNO political coalition wants them to resign it is because the Center Group has a certain amount of political power. He added that now the talks with the executive branch will not be bipartite or tripartite but quadripartite with the Center Group's participation.

[Begin recording] [Tablada] We have made a counterproposal. If the UNO Political Council wants the Center Group to resign, it means that the Center Group has a certain amount of political power in this country; therefore, the dialogue should not be tripartite; it should be quadripartite with the participation of the Center Group. We have opinions; we want to do good, and we want the country's problems to be resolved.

Secondly, the resignation issue is antidemocratic, because (?it excludes us), and we have proposals to make. [Words indistinct] the Sandinist National Liberation Front, UNO, and Center Group factions should form a commission at the National Assembly, set an agenda, and then sit down to discuss each and every one of the problems concerning the National Assembly and attempt to find solutions. To the extent that we discuss these problems [words indistinct].

[Reporter] [Words indistinct]

[Tablada] I do not know if the foreign ministers [words indistinct] the UNO Political Council between 1530 [2030 GMT] and 1600 [2100 GMT] on 7 September.

[Reporter] [Words indistinct] your faction's position regarding the property issue.

[Tablada] Of course [words indistinct]. That is why we say it is important for us to participate in the dialogue. [end recording]

UNO Demand for Center Group Dissolution Rejected

PA0809012993 Managua Radio Nicaragua Network in Spanish 2342 GMT 7 Sep 93

[Statement by Presidential Spokesman Danilo Lacayo following a meeting between the government and the National Opposition Union, UNO, at the Presidency in Managua—live]

[Text] I wish to report that the meeting between the government of the Republic of Nicaraguan and leaders of the National Opposition Union [UNO], that began about one and a half hours ago, was the result of efforts made yesterday by Honduran Foreign Minister Mario Carias and by Panamanian Ambassador Luis Varela today. Varela, through the Foreign Ministry, told the president that certain UNO members felt it was important to hold an informal meeting with the president and some of her ministers.

The president, as you know, has always been willing to talk and find solutions for the sake of Nicaragua. Unfortunately, the discussion centered on the same old topic: dissolution of the Center Group. As you know, this administration respects the state of law; this government is trying to find solutions without breaking the law.

The president maintains her position of continuing a bilateral dialogue and establishing a tripartite dialogue. Unfortunately, the UNO representatives insisted that the Center Group be dissolved. The Nicaraguan Government cannot adopt that position because it would be a violation of the nation's judicial system and the Republic's Constitution. Thank you very much.

OAS Secretary General Describes Role of Legal Experts

PA0809000093 Managua Radio Nicaragua Network in Spanish 2125 GMT 7 Sep 93

[Interview with OAS Secretary General Joao Baena Soares by unidentified reporters at the Presidential House in Managua following a meeting with President Violeta Chamorro—live]

[Text] [Baena] This morning I met with the cardinal, the National Opposition Union [UNO] Political Council, and Bayardo Arce and Daniel Ortega, as representatives of the Sandinist National Liberation Front [FSLN]. This afternoon I will meet with the Center Group and other Nicaraguan politicians.

I came here to introduce the president to the group of legal experts, who I invited to Nicaragua in response to a Nicaraguan Government request that the constitutional and legal aspects surrounding the National Assembly situation and the comptroller general's resignation be examined.

The legal experts will begin their work immediately. Later we will see what reports they present to me, so eventually the reports will be made known to the people.

I will hold the meetings this afternoon and tomorrow. Right now, I have nothing to report on contacts that have yet to be made.

[Reporter] You have met with the UNO and the FSLN. What points of agreement did you see?

[Baena] I do not want to go into the details of those talks. That is the normal thing to do. But I can tell you that these talks will continue. I think that the process can continue. It is a difficult process, nothing can be concluded this afternoon or tomorrow morning. I do think, however, that we can push a little harder.

[Reporter] Can you give us the names of the legal experts and can you tell us if the Armed Forces issue is included in the constitutionality work, which they will do?

[Baena] The Armed Forces issue will not be included. Regarding the legal experts, the three are Alfonso Gomez (Botero) from Mexico, Dr. Eduardo Ferrero Costa from Peru, and Dr. Antonio (Canzado Trinidade) from Brazil. They are the three legal experts who will be working here. It would be good to distribute their curriculums so you can see that they are prominent professionals in their countries. They are well known in our hemisphere and experts in their profession. I think they are qualified to perform the work requested by the Nicaraguan Government.

To reiterate their duties, they will examine events related to the National Assembly and the comptroller general's resignation from the point of view of the Nicaraguan Constitution and law. Thank you.

National Assembly Suspends Cesar, Altamirano

PA0709233493 Managua Radio Nicaragua Network in Spanish 2030 GMT 7 Sep 93

[Statement by National Assembly President Gustavo Tablada Zelaya at the National Assembly building in Managua; broadcast in progress—live]

[Text] ...work and attendance to the plenary sessions of the National Assembly and trying to adhere as closely as possible to the stipulations in our bylaws and internal regulations, we have reached the conclusion that we should not continue to allow various deputies to take the liberties they have been taking. The directorate has decided to suspend Deputies Eli Altamirano and Alfredo Cesar for a period of two sessions, given the [words indistinct] responsibilities within the National Assembly.

We also want to report that we spoke with the Comptroller General's Office today, and have been informed that by 1600 tomorrow at the latest, we are going to have the results of the work done by that office on the levels of administrative, civil, and criminal responsibilities of the

people implicated in the audit done by Peat Marwick. As soon as we, the board of the directors, review those documents, we will do it expeditiously, we will give a news conference to report the results, just as we did with the results of the audit carried out by [words indistinct] contracted by the National Assembly [words indistinct]. You were all given the information on that audit. Basically, that is [words indistinct] what we wanted to report.

[Osorio] Does that mean there is a possibility that you will reach an agreement with the Executive Branch soon; you meaning the FSLN, UNO, and the government?

[Urroz] Based on what happened at today's meeting.... [pauses] It was not so positive as far as Antonio Lacayo's participation was concerned. In fact, we see this as an obstacle to the talks. The president was compelled to suspend the meeting. I do not know to what extent his ability to exert influence and power on the government can stop this process from progressing. Perhaps the positive position taken by Dr. Adan Guerra, to seek some mechanisms, will help us make progress. We will try to reach some kind of understanding with the FSLN if talks with the executive branch fail.

[Osorio] Dr. Urroz, today we heard that National Assembly President Gustavo Tablada had suspended Deputies Alfredo Cesar and Elias Altamirano. What is UNO's opinion about that?

[Urroz] The National Assembly directorate board could have done it on previous occasions, meaning months ago, but it decided to do it now when the time is not right, to worsen the situation with this (?political) action.

[Osorio] Why do you think you can reach an agreement with the FSLN?

[Urroz] I would say that given the current crisis and the fact that the government is precluding other options.... [pauses] I am a very positive person, who always seeks possibilities and alternatives, but I think the government's position is very negative because it is creating obstacles instead of helping solve the crisis. That situation justifies UNO's proposal to remove Antonio Lacayo so Nicaragua can be saved. I think he is a big obstacle, just like General Humberto Ortega.

[Osorio] What will be UNO's next step?

[Urroz] We will reassess the situation keeping in mind the possibility of talking with the FSLN.

[Osorio] Eng. Urroz, a settlement between the Sandinists and UNO would imply a reduction in the presidential term. Is that correct?

[Urroz] Absolutely not. UNO always respects the president of the Republic's constitutional mandate, meaning six years. We have said this and we have reaffirmed it to the president. We said she is not an obstacle to finding a solution to the crisis. The obstacles are others, meaning officials in her government and Gen. Humberto Ortega.

[Osorio] Have you been threatened?

[Urroz] No, I do not feel threatened. During the angry discussion between Gustavo Navarro and Antonio Lacayo, some things were probably interpreted as threats.

UNO's Urroz on Dialogue With Government

PA0809024193 Managua Radio Nicaragua Network in Spanish 2328 GMT 7 Sep 93

[Interview with Roberto Urroz, National Opposition Union, UNO, coordinator, by Maria Alejandra Osorio at the Presidency in Managua—live]

[Text] [Osorio] Engineer Roberto Urroz, could you comment on the meeting with President Chamorro and her cabinet in an effort to achieve a national dialogue with your participation?

[Urroz] We truly believed the president would present a proposal, but it seems there was a misunderstanding concerning the mediation of [Honduran] Foreign Minister [Mario] Carias. She expected a different position from us. We told her we maintained our position as stated in the bilateral dialogue between the National Opposition Union [UNO] and the executive branch and added that we expected a proposal from her. We then tried to find some possibility of coming through, of finding a mechanism to help us approach a proposal. But in the end, when it seemed we would be able to find a mechanism based on Deputy Presidency Minister Adan Guerra's proposal, Presidency Minister Antonio Lacayo reacted in a totally inappropriate way with an arrogant attitude. That does not help at all, and in fact it provoked an uncomfortable, tense situation. Consequently, the president preferred to suspend the meeting.

[Osorio] Does this entail.... [pauses] does that mean you will continue to talk with the OAS secretary general and the foreign ministers in an effort to meet with the executive branch again?

[Urroz] I think we are always willing to do that. If the OAS secretary general wants to keep talking with us to find a solution, we are willing to do so, including another meeting with the president. We must find a solution and we are willing to do so. I think Dr. Adan Guerra's position is quite positive. He is looking for a solution, and we are willing to cooperate.

[Osorio] What is your assessment of the mediation efforts by the OAS secretary general and the Central American foreign ministers in this dialogue?

[Urroz] The OAS secretary general has heard us out, sought information, and offered his help. Since this is his first day, I doubt that he has any specific suggestions yet. The foreign ministers' case is clearer. They have made more progress in recent days and shown an undeniable determination to help us find a solution.

[Osorio] There are reports about a meeting between Vice President Virgilio Godoy and Sandinist National Liberation Front [FSLN] Secretary General Daniel Ortega Saavedra. Do you have any information about that?

[Urroz] Yes, Dr. Godoy gave us some information at noon today. He met with Commander Ortega for three or four hours yesterday and they exchanged views about the future and solutions to the national (?crisis). They believe positive steps have been taken in exchanging ideas, and the two leaders are willing to help find a solution to the national problems. They will probably participate in subsequent meetings.

Government To Request Special OAS Meeting

PA0709193293 Managua Radio Nicaragua Network in Spanish 1754 GMT 7 Sep 93

[From the "At Midday" newscast]

[Text] In a news conference held this morning, Foreign Minister Ernesto Leal said the Nicaraguan Government is preparing mechanisms for calling an extraordinary meeting of the OAS. Accompanied by Jose Antonio Tijerino, Nicaraguan ambassador to the OAS, the foreign minister pointed out that strengthening democracy is one of the goals of the OAS and that international solidarity is required in the special case of Nicaragua.

[Begin Leal recording] We feel that the OAS is not only for defending democracy when there has been a break in the institutional order, but also for consolidating democracy. In summary, this Managua Declaration says that democracy, peace, and development are closely linked, and it calls for hemispheric solidarity to cooperate with those democracies whose countries are developing. It also says that the OAS mission is a permanent and creative task that seeks to consolidate democracy. In conclusion, it says that the consolidation of democracy requires initiatives and programs to eradicate critical poverty.

Based on these principles, the president of the Republic has exchanged viewpoints with the foreign ministers of the Group of Three [G-3] to the effect that Nicaragua needs an OAS meeting especially for the country, which would discuss the economic problems of Nicaragua. We believe that Nicaragua is experiencing a special situation. Unfortunately, the economic development of Nicaragua is the slowest in Central America, you know that better than we do, and therefore, we need inter-American solidarity.

Therefore, we are trying to coordinate the holding of an OAS assembly, and we hope the president of the Republic will attend to deliver a clear, precise message to the international community. This message would be on the topic of the economic situation of Nicaragua, and would call on the international and hemispheric community, OAS members, to support Nicaragua in this emergency situation, in this special situation.

You have heard the statements made by the G-3 foreign ministers. They have welcomed the president's request and they said they would support her. Last night, we talked with the Central American foreign ministers, who are here in Nicaragua, and they also agreed to support her. Now, fortunately, we have with us Nicaragua's ambassador to the OAS, and we are practically preparing for that assembly. [end recording]

Leader of 3-80 Front Willing To Face Justice

PA0809130493 Managua LA PRENSA in Spanish 6 Sep 93 p 13

[Letter from Jose Angel Talavera, alias El Chacal, leader of 3-80 Northern Front, to Cardinal Miguel Obando y Bravo, the Permanent Commission on Human Rights, and the Nicaraguan Human Rights Association; dated 31 August in Nueva Segovia]

[Text] Nueva Segovia, Nicaragua, 31 August 1993

3-80 Northern Front [FN-3-80]

To: His Eminence Cardinal Miguel Obando y Bravo, Permanent Commission on Human Rights, and Nicaraguan Human Rights Association.

From: Jose Angel Talavera Alaniz, FN-3-80.

Most Excellent Miguel Obando y Bravo, Cardinal of Nicaragua; distinguished presidents of human rights groups in Nicaragua: Dr. Lino Hernandez and Dr. Mateo Guerrero:

I salute you with all due respect.

The purpose of this letter is to report the following:

As for the developments in northern Nicaragua, specifically in Quilali, Nueva Segovia, when FN-3-80 troops under my command held against their will deputies of the Sandinist National Liberation Front, government officials, officers of the Sandinist People's Army, and officials of the Special Disarmament Brigade, I have heard reports in certain media regarding the need to administer justice to ensure that the crime we committed does not go unpunished.

I realize we committed a crime ever since we held up Nicaraguan citizens against their will, and regardless of the many good reasons and justifications we might have had, and the good treatment we gave them, and the fact that we respected their overall safety, we realize we committed a crime.

After analyzing carefully the manuevering of the Executive Branch to decree an amnesty to cover up for well-known murderers and criminals, we have concluded it is taking advantage of the circumstances to justify an amnesty.

The FN-3-80 believes that approval of this law could seriously damage Nicaraguan society. This is why we

oppose partial or total approval of the amnesty law now and will continue to do so always.

As the person responsible for or as chief of the operation carried out on 19 August I assume responsibility for it and for the crime I committed by depriving the aforementioned citizens of their freedom for six days. Thus I am willing to face the justice of the Nicaraguan people and also willing to face the charges that could be leveled against me. Those who were held up are fully entitled to sue me before a Nicaraguan court, and I am willing to face the charges if I am found guilty.

I am not one to run away from the people's justice. I hold my head up high. Ever since I was named Jose Angel Talavera I have dedicated my life to fight injustice, regardless of its origin, and I am willing to honor my word.

Thank you in advance for what you might be able to do for our people, who have no justice.

Very truly and respectfully yours,

Jose Angel Talavera.

Radio Report Denies 'El Chacal' Killed in Battle

PA0809130393 Managua Radio Nicaragua Network in Spanish 0108 GMT 8 Sep 93

[Text] Here's some last-minute news. Regarding reports by some Managua media indicating that "Chacalin" has died in battle, we can state that Jose Angel Talavera, also known as El Chacal, and his brother, Esteban Talavera, are fine. We learned this from Marco Tulio, OAS-CIAV [International Commission of Support and Verification] adviser in charge of the verification program in Region One. He said he and his field team have confirmed that Jose Angel Talavera and Esteban Talavera are fine and have not suffered any mishap. The individual who died was "Chacalin" [not further identified] from the (Arandu) group in Rio Blanco.

Panama

Ana Mae Diaz Remarks on Spadafora Verdict

PA0709142593 Panama City Radio KW Continente in Spanish 1200 GMT 7 Sep 93

[Text] The Panamanian people have again been disappointed over the administration of justice in our country. Yesterday, the jury, that participated in the trial for the murder of Dr. Hugo Spadafora, acquitted seven former military men: Luis Cordoba, alias Papo; Mario del Cid; Agustin de Gracia; Adan Pitti Guerra; Demetrio Rodriguez; Jorge Villa; and Francisco Eliecer Rivera. President Guillermo Endara's wife, Ana Mae Diaz, said the Judicial Branch should be purged because it is untrustworthy.

[Begin recording] [Diaz] The Panamanian people were forced to look at the arrogance of all those people. It was humiliating to hear the jury pronounce this unjust decision. We all know that all of the accused are guilty, not only of Spadafora's crime but of many others, but there was nothing we could do. We felt powerless in the presence of those criminals. We have been slapped in the face. Some criticized me because I complained over the administration of justice, but look at what has been given the Panamanian people, who have struggled so much against repression and assassinations. No, it cannot be. I am up completely against the Judicial Branch. It is useless. It is necessary to make a deep purge in the Judicial Branch, because the hands of Torrijos and Noriega are still ruling the administration of justice and the Public Force.

[Reporter] What is the effect of this decision on President Endara's administration, considering that you have clamored so much for justice in Panama?

[Diaz] It is the Judicial Branch that is at fault. Should you ask President Endara, he would express the same feelings. It is the Judicial Branch that is useless.

[Reporter] The next trial will be that of those accused of murdering Father Hector Gallego. What do you think of the administration of justice in Panama?

[Diaz] If the Judicial Branch that handled Spadafora's case will be the same to handle Gallego's case, nothing good can be expected. We have already seen that the administration of justice in Panama is no good. The Panamanian people can expect nothing. We are tired of surprises. Those involved in the murder of Father Gallego will most likely be acquitted too. We cannot trust the administration of justice in Panama. The Judicial Branch has shown it is untrustworthy. I do not expect anything good from the Gallego case. [end recording]

Diaz said she regrets that she will not be able to participate in today's demonstration on 50th Street because she will fly to Costa Rica to attend the Ibero-American presidents' wives summit.

[Begin recording] As the president's wife, I will attend a meeting of Ibero-American presidents' wives, where I will discuss the family and women as family heads. This is the subject I chose and which I will present on 8 September. Let us see what good I can bring to Panama from this meeting.

[Reporter] What will be your stand as the president's wife?

[Diaz] In Panama, we are the example that women are family heads in the majority of homes. I will present the social role of women, their work, and support for them.

[Reporter] Any other message?

[Diaz] Yes. The Panamanian people should go to 50th Street at 1200 tomorrow because we should keep on struggling for justice. I expect to have returned by 8 September to resume our struggle for justice, which is

necessary to keep defending. Do not worry. I apologize for not being able to go to 50th Street at 1200. I must fly to Costa Rica. [end recording]

Need To Accept Verdict Noted

PA0709185393 Panama City Radio KW Continente in Spanish 1200 GMT 7 Sep 93

[Station commentary: from the "Continente Clock Radio" newscast]

[Text] The verdict by a jury composed of community members, chosen at random, exonerating the defendants in the violent murder of Dr. Hugo Spafadora has prompted negative reactions from citizens who feel defrauded by the not guilty verdict. This development may lead to confusion and disturbances, as happened in David, Chiriqui Province. The prosecuting attorneys and the prosecutor accepted the jury's verdict, showing a high degree of professionalism, and stated they abided by the ruling to defend a system that allows every defendant to be considered innocent, thus guaranteeing him that despite the situation, incriminating evidence that may exist, or his own confession of the crime, his peers may consider his fate with their conscience, without adhering to the law.

The jury, as an institution, constitutes precisely a guarantee that the trial is held without pressure, outside influence, and distortions. The juror is not even obligated to know the laws or procedures. The matter is simply left to his own judgment, the dictates of conscience, something that to Hagel constituted the clearest example of freedom. It is possible the public may have felt wounded by the not guilty verdict because of great anticipation fed on prejudices and the rejection of the regime the accused represented. This fact may have frustrated those who were demanding that the accused be found guilty. Justice is accepting the legal provisions when referring to trial by a judge or personal considerations when referring to a trial by jury. A conscience is something very intimate to each person which allows him to distinguish between right and wrong and to make his own interpretation of reality and the vantage point from which he accepts this regardless of the views of others.

Without establishing whether the decision was right or wrong, we cannot discredit the entire legal system because of some alleged anomaly. Moral is just one. [sentence as heard] It cannot be imagined in terms of personal interests and wishes. The same applies to justice based on the concept of freedom. If the prosecutors and prosecuting lawyers were not lucky in presenting their evidence and statements, if the skill of the defense attorneys surpassed expectations, if the jurors' fear of beinf God spared the defendants from a guilty verdict, those are things that will remain in their conscience because that is what they were: jurors.

Attempting to undo what has been done, condemning judges and jurors, going above the law that we claim to defend is certainly to commit the mistake of anarchy. Like it or not, the verdict came in strict compliance with the law and Panamanian criminal procedures. That, and not the result, is what we must truly defend.

Editorial Warns of Violence

PA0709163793 Panama City LA PRENSA in Spanish 7 Sep 93 p 1A

["As of Today" editorial]

[Text] Although the jury acquitted the defendants of the Hugo Spadafora murder trial, most Panamanians believe they are guilty. Of course, everyone has some theory or other regarding the secret motives for the jury's decision, but an explanation of the verdict matters very little. The problem lies elsewhere and is much more important. The people have lost faith in the administration of justice, the legal system, and the institutional system's ability to demand that every person assume responsibility for his actions.

Panama is weeping because of frustration, helplessness, and anguish caused by a decision that goes against what they know and feel about the actions of each of the defendants. It is not a matter of judging the jury which, one way or another, exercised its rights. The people do not know nor do they want to know about legal technicalities, procedural law, or abstract legal constructions. They are demanding justice, and if they do not get it from the existing legal system they will rebel against that system, with the serious risk of it being replaced by the terrible and destructive temptation to seek vengeance, which destroys everything and builds nothing.

The jury acquitted. Panama condemns. Herein lies the contradiction that must be resolved.

Demonstrations Continue

PA0709192993 Panama City Telemetro Television Network in Spanish 1730 GMT 7 Sep 93

[Text] The decision of the trial jury in the Hugo Spadafora murder case continues to cause repercussions. Chitre residents staged a protest march today to voice their dissatisfaction with the decision. We now have a report by Leo Alvarado, direct from Chitre:

[Begin recording] Chitre residents gathered again today at Union Park during the early morning hours to express their disapproval with the trial jury's not guilty verdict against seven of the 10 people involved in the murder of Dr. Hugo Spadafora Franco.

The peaceful protest march started at 1000 this morning by heading first to the Chitre municipal cemetery, where the guerrilla doctor is buried. The protest march was headed by Spadafora relatives, including Carmenza Spadafora, who said that a trial had occurred but that justice had not been served. She added that the only thing left for the family now was for the trial to be annulled, which they considered a farfetched possibility.

She also added, however, that if they received the support of the Panamanian people, they will be going back to the streets to demand justice for their brother Hugo.

After concluding the pilgrimage to the Chitre cemetery, the protesters covered the main streets and avenues, shouting slogans repudiating the jury's verdict.

During the "Telemetro Report" main newscast we will be providing updated information on this protest march. [end recording].

For a second consecutive day, Panama City's 50th Street has been the scene of peaceful demonstrations against the not guilty verdict in favor of seven men charged with participating in the murder of Dr. Hugo Spadofora. These are scenes that are taking place at this time at the bastion of the struggle against the Noriega dictatorship. We can observe protesters waving white flags as well as beating pots and pans to express their dissatisfaction. At the same time, vehicle drivers are blowing car horns while driving beside the protesters.

Three Released From Jail

P.10809032193 Panama City Circuito RPC Television in Spanish 2300 GMT 7 Sep 93

[Report by Ciro Ortega for "The RPC Television News" newscast]

[Text] The Justice Palace in David remained closed for security reasons and the area was under special surveillance on 7 September while relatives of the former defendants waited for the men to be released from jail after a Chiriqui jury found them innocent.

Only three of the seven former Defense Forces members found innocent were released as they do not have any charges pending against them. They are Major Mario Del Cid, Jorge Villa, and Major Agustin Olmedo de Gracia, who was judged in absentia.

Luis Papo Cordoba, Demetrio Rodriguez, Eliecer Rivera, and Adan Pitty will remain under arrest to await trial on charges including contraband, human rights violations, kidnapping, and attempted murder of Dr. Mauro Zuniga in October 1985.

Diego Velasquez, Adan Pitty's defense lawyer, said people must accept the verdict.

[Begin Velasquez recording] It was a public trial that confirmed they did not participate in the crime. The charge of concealment, for which they could have been tried, was not part of this trial. They were charged with homicide, not concealment. They can no longer be tried for concealment, either, because they were relieved of any responsibility. I have heard that some people are demanding a review of the case and the trial. They can do it. It was a public trial; it was on radio and television. What else do they want? Everything was public. This is justice in a democracy. We must accept it. [end recording]

David remained calm after the 6 September riots. The possibility of more protests and demonstrations to repudiate the verdict during the next few days cannot be dismissed.

Justice Mario Carrasco, president of the Third District Court, said the sentence acquitting or condemning three former Defense Force members, who chose to be tried by judges, Manuel Antonio Noriega, Julio Cesar Miranda, and Francisco Eliecer Gonzalez Bonilla, will be announced after the minutes of the trial are ready, which could take approximately 30 days.

Commenting on the 6 September riots, Eliseo Camba, president of the Chiriqui Chamber of Commerce, said property damage exceeded $20,000. He noted that eight business establishments in downtown David were damaged and looted.

Finally, the defense lawyers of the former defendants in the Spadafora case said that for the defendants' own safety, they will not demand reinstatement in the military institution.

Court President: Verdict Final

P.10809030393 Panama City Circuito RPC Television in Spanish 2300 GMT 7 Sep 93

[Report by Oderay Fernandez from the "RPC Television News" newscast]

[Text] Supreme Court President Carlos Lucas Lopez has clearly stated that the verdict in the Hugo Spadafora murder trial cannot be reconsidered. The verdict issued by the seven-person jury must be respected because it is not a court ruling, Lucas said.

[Begin Lopez recording] I must note the honesty with which both the prosecution and defense attorneys admitted that the verdict had to be respected. After they heard the verdict, they both also said that they felt the trial had been totally impartial and just. [end recording]

The Third Legal District superior court must issue a verdict on the three remaining defendants in the upcoming weeks.

[Begin recording] [Lopez] I have the impression that the Third Court will issue a verdict in a few weeks because it has been studying the case. I hope we will have the verdict in a few days.

[Fernandez] Can the jury's verdict be reviewed and overturned by the court?

[Lopez] No, there is no possibility of that.

[Fernandez] Could the jury change its verdict?

[Lopez] No, that cannot be done either. The verdict is final. [end recording]

When asked about how Panamanians in general had rejected the verdict and how it could negatively affect the administration of justice, Lopez stated:

[Begin Lopez recording] Look, everything concerning verdicts issued in trials by jury or by law have an impact of the administration of justice. In this case, however, it is most important to emphasize that only politically mature nations can overcome situations such as this one, when, I admit, everybody expected another decision. [end recording]

Finally, Lopez said the jury's verdict cannot be appealed at the Supreme Court of Justice. It is the final verdict.

Helicopter Removes Jurors

PA0809033393 Panama City Circuito RPC Television in Spanish 2300 GMT 7 Sep 93

[From the "RPC Television News" newscast]

[Text] There were several cases of looting in David, Chiriqui, following the acquittal of seven defendants in the Hugo Spadafora murder trial. Riots continued throughout Monday evening in David, Chiriqui. Upon the announcement of the verdict, a group of demonstrators surrounded the courthouse to prevent the jury from leaving the building. Riot police had to clear the area using tear gas in light of the demonstrators' determination to remain. The demonstrators threw rocks and bottles and set up road blocks. After the police managed to clear the area, a National Air Service helicopter was brought in to airlift the jury out. Presiding Judge Luis Mario Carrasco personally accompanied the jurors and spoke briefly with the press.

[Begin recording] [Carrasco] I have no comment. It is not my job to assess the jury's decision. I am sure you will forgive me.

[First unidentified reporter] Was justice been done or not?

[Carrasco] It is not my job to answer that, sir.

[Second unidentified reporter] Will you be able protect the jury?

[Carrasco] Of course we can. Excuse me, gentlemen.

[Third unidentified reporter] There are still three defendants awaiting a verdict. When will that be handed down?

[Carrasco] Excuse me, gentlemen. [end recording]

Several people were hurt in the clashes and Red Cross and Fire Brigade vehicles soon arrived on the scene. Several people were arrested that evening and by 1900 there were a number of people with bird shot wounds at the hospital.

[Begin recording] [unidentified reporter] Were you wounded?

[Unidentified demonstrator] Yes, I was hit all over. I do not know how many pellets hit me. I have not been told that yet.

[Reporter] What is your opinion about all this?

[Demonstrator] Look, I am a member of the 22 September Chiriqui Teacher's association.

[Reporter] But what do you think about the Spadafora case?

[Demonstrator] This is a delicate situation that should make people stop and think. We have spent too much time waiting for justice, equality, and solidarity. The people must wake up, reconsider, and analyze the situation so we can take a different course. [end recording]

Several David stores were looted during the night, despite the fact that police continued to patrol the streets.

Civic Leaders, Others Comment

PA0709191393 Panama City EL SIGLO in Spanish 7 Sep 93 pp 44, 45

[Excerpts] The verdict absolving seven of the 10 individuals involved in the homicide of Dr. Hugo Spadafora constitutes a "beheading of justice," lawyer Sidney Sitton has said while Customs Director General Rodrigo Arosemena described it as "unbelievable," adding that "the members of the jury belong to the dictatorship that slaughtered the Panamanian people." [passage omitted]

Meanwhile, politician and lawyer Juan Carlos Voloj Pereira said that "we now wonder if members of the Democratic Revolutionary Party and cohorts of former dictator Noriega infiltrated the members of the jury."

The verdict by the Spadafora trial jury comes 24 hours after Fernando Castillo, a former member of the Panama Defense Forces and explosives expert, escaped from jail. Intelligence sources consulted by EL SIGLO have not ruled out that Castillo's escape and the unexpected verdict by the jury are related through a clandestine organization capable of frightening and threatening the members of the jury, whose names have not been made public, and attaining the freedom of Castillo throughout their political and military contacts. Castillo is linked to the attack on the Arnulfista Party Convention on 23 April in Boquete, where Corporal Javier Aguirre was killed, as well as other dynamite attacks in Panama City and the interior of the country. [passage omitted]

Sidney Sitton, president of the Movement of Trial Lawyers, demanded the immediate resignation of Special Prosecutor Carlos Augusto Herrera, whom he described as incompetent to carry out his duties as he was not capable of attaining a guilty verdict. [passage omitted]

Meanwhile, Voloj Pereira added that "the Panamanian people must now make justice, and when they go to the polls to elect their rulers, the people must bear in mind very well what has happened. If the Panamanian people make a mistake in 1994 again, then a solution to the foiled horrible trial of Hugo Spadafora will become more distant." [passage omitted]

On the other hand, EL SIGLO learned from police sources that President Guillermo Endara last night contacted Menalco Solis, chief of Presidency's Intelligence Office, to coordinate intelligence actions to cope with future violence linked to the escape of explosives expert Castillo and the release of the seven former soldiers involved in Dr. Spadafora's death. [passage omitted]

Civic leader Manuel Burgos told EL SIGLO that the verdict calls on us "to open our eyes and understand once and for all that we are not living in a state of law." He added that just like the dictatorship, this government is noted for promoting "chaos and anarchy," and for mocking the people. Burgos called on the Panamanian people to take to the streets in order to reestablish the society that will meet our expectations.

Criminal lawyer Rafael Rodriguez feels it was a "political" verdict to protest the administration of justice, inasmuch as the people no longer believe in the public prosecutors. He said Panamanians are going to have to take to the streets to demand a "change" in the justice administration, as happened in Guatemala. "The people cannot take more frustrations," he added after warning that the situation could produce deep traumas of unforeseeable circumstances. [passage omitted]

Alberto Conte, former leader of the Civic Crusade, said that the verdict "is the result of the lack of determination by our rulers, who on 21 December 1989 should have changed the codes, laws, constitution, and all of the things that were the basis for the repression by the military. Conte pointed out that one cannot "blame" the members of the jury for the protests and the situations that took place in Chiriqui Province, because they acted according to the laws that the military left and within that legal framework that "we always said we had to change, but nonetheless our rulers did not want to change." [passage omitted]

Conte stressed that we must organize a protest against the government in view of its lack of determination to make the changes that are needed in the country's legal system, but not against the decision by the members of the jury, who acted according to their consciences and within the framework of the law that allows for these situations and which are laws we did not want.

Alberto Conte, who is also a former president of the Association of Journalists, said that if a protest demonstration is staged, it should be against our rulers and their work and for not having changed in four years the constitution, the laws, and the codes "that we had to put up with for so many years during the dictatorship."

Argentin

Ministry Warns Chile Over Border Commitment

PY0709205593 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2258 GMT 6 Sep 93

[Text] Buenos Aires, 6 Sep (NA)—The Argentine Foreign Ministry today warned Chilean officials that according to the agreement reached in the 31 October 1991 Arbitration Commitment, "the two governments are committed not to change the status quo in force when the agreement was signed" on the Laguna del Desierto region.

The clarifying statement, made in a brief communique signed by Vice Foreign Minister Fernando Petrella, was released after it was learned that 63 Chilean deputies had submitted a draft declaration requesting that President Patricio Aylwin negotiate the withdrawal of the Argentine border policemen who are in that region.

Without getting into major details, the Foreign Ministry communique also mentioned its "pleasure" over the "development of the arbitration process for the border demarcation in the sector between Border Marker 62 and Mount Fitz Roy, as expressed in the 3 September 1993 Joint Presidential Declaration."

The communique made an effort to point out that the clarifying statement was made "without any desire to open judgment on the motivations that inspired the request" of the 63 Chilean legislators.

According to reports from Chile, the legislators asked President Aylwin, in addition to the withdrawal of the Argentine border policemen, to make six other requests regarding the Laguna del Desierto region, such as the need for any construction built after 1965 in that region to be dismantled or clearly marked.

In the project submitted to the Chamber of Deputies the deputies also asked that all traces of occupation after 1965 be erased, and that conditions there be brought back to the way they were before that year.

Army Officers Leave To Join UN Peace Forces

PY0709205393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2203 GMT 6 Sep 93

[Text] Buenos Aires, 6 Sep (NA)—Today 150 members of the Argentine Army left for Croatia to join the peace forces deployed in that European country at war.

The military men were bid farewell by Army Commander Lieutenant General Martin Balza in the industrial sector of Ezeiza International Airport.

The Army commander reviewed the troops and made a few statements in which he stressed the pride involved in participating in this mission.

The group, which is made up entirely of officers and noncommissioned officers, was traveling in an Air Force airplane, and will replace a similar number of men stationed on Croatian territory with the UN peacekeeping forces.

Sanchez Answers Bolivians' Questions

PY0709220093 La Paz Television Nacional Network in Spanish 0005 GMT 6 Sep 93

["Goni Answers Bolivia"; special program, moderated by Information Minister Herman Antelo, in which Bolivian President Sanchez de Lozada answers questions from Bolivian people at Government Palace in La Paz; broadcast in progress—live]

[Excerpts] [Antelo] ...There are two type of guests in this hall, where everyone here has just met each other. First, a majority group of citizens who were selected at random in an effort to have appropriate representation from the social, geographical, age, and sex viewpoints. There are people from La Paz, from the rural areas, and from the various neighborhoods of the cities.

There is also a group of special guests scattered throughout this hall who represent various institutions, the media, entrepreneurial sectors, civic and labor organizations, and other institutions.

The rules for this debate are very simple. Each of you can pose one question. Please make your question as clear and concise as possible, no more than one-minute long, because we want all of you, most of you—even people who are now watching this transmission—to participate in this program.

You will have one minute for each question. President Sanchez de Lozada will have two minutes to answer each question, in order to make things as dynamic as possible.

Questions are not restricted and can deal with any subject. You can pose whatever question you want. There are no restrictions. All questions will be welcomed. As I said, let us try to make the questions concise, without lengthy introductions, going right to the point. Each question should last one minute.

We will divide this program into three sections. In the first 30-minute section, we will listen to the questions by those people who were selected at random. In the second 30-minute section, we will listen to our guests from various institutions, and we will conclude with a 20-minute section in which we will go back to the people representing the various classes within our society.

We will now listen to President Sanchez de Lozada.

[Sanchez] Well, I would like to begin by greeting all of you and thanking you for coming here to Government Palace, which is the house of people.

The other day, a group of school children came to visit the Palace. I met with them and they asked me whether this was my house. I told them this was not my house but the house of the people and that I was a tenant. One of

the children, who was very smart, asked me: How much do you pay for it? I told him: Well, some 12 hours of work a day. This is what I have to do for four years.

It is a great pleasure for me to welcome you to your house; you are literally in your house.

I would also like to emphasize that my long political career has taught me to answer any type of question. I would like to hear suggestions, even criticism—provided it does not last more than one minute [laughs]—and questions, which I will try to answer.

Please remember, or rather please forget that I am the president, the chief of state. I continue to be, as I have always been, Goni.

When I was sworn-in on 6 August, my grandson asked me whether as the president of all Bolivians I would continue to be his grandfather. I continue to be Juan Manuel's grandfather and I continue to be Goni for everyone. Please feel confident and reassured. I thank you for accepting this invitation. [passage omitted]

[Perez] My name is Bernardo Perez. I am a former Catavi Mining Company worker; in other words, a transferred worker.

After the issuance of decree No. 21060, a mistake was made or it was mistakenly implemented when we were forced to retire. We took to the streets, claiming a right that we had legitimately earned. Unfortunately, Comibol [Mining Corporation of Bolivia] implemented the following system: We left in November 1986. Most of us were forced into retirement. A normal severance pay was paid first, but a substantially higher severance pay was paid three months later.

I believe this is something unheard of. It seems that the first ones to collect were bastards while the last ones to collect were legitimate children. This is the reason for all these problems. This is the concern of all us who have left the mines. And yet we have another concern: Thus far, we have been unable to allow our children to pursue their studies. Quite the contrary, we had to allow these boys to seek jobs in order to earn a living.

Therefore, I am asking your honor that justice be meted out, that our severance payments be given to us because we did not work for free. It represents the sacrifice of all of us.

Comrade Goni, I would like you to tell us what will be done about this injustice because this problem will remain alive for a long time and I am sure that it will represent a headache for this new government. Thank you.

[Sanchez] Well now, injustices, no matter how many years have passed, must be corrected. For example, the problem we have with the sea outlet. We have been demanding this for a century. Therefore, we obviously intend to dole out justice.

I cannot understand this. And I am surprised that bonuses or more money was paid to people who left later. They should also have been paid to the people who left earlier. This is unfair.

I will talk with [interim Mining and Metalworks] Minister [Fernando] Illanes and [Mining and Metalworks Under] Secretary [Jaime] Villalobos. I will want, ask, and demand that all this be reviewed and that justice be meted out because it is very important. It may be that they will not be able to do it outright, that they will have to raise some money given the prevailing situation [words indistinct], but we will accept the debt and, as long as I am here during this term, we will honor it if required.

I also want to stress that a few days ago we celebrated the eighth anniversary of the well known decree No. 21060. At that time, when we drew it up, a realistic and flexible exchange rate for mining (?did not exist). Payments were made using an unrealistic exchange rate. The miners, Comibol, were delivering their dollars at a very low price and these dollars were subsequently used to speculate.

And then the October events occurred. Eight years ago, tin prices plummeted from $5.60 to $2.40. And now they are nearing $2.00. And this was the reason. When we drafted decree No. 21060, Comibol was covering its costs, was yielding a small profit, and no workers had to be transferred.

It was an act of God, something very difficult that has not been solved so far. I hope that, in the future, we will see prices recovering and mining thrive again so that there will be work for men like you and others who may require it. [applause]

[Gomez] Mr. President, I want to ask you a question. My name is Hector Gomez. I am a barber. I want to ask you something. Why is it that Oruro does not receive the same royalties received by Cochabamba, Santa Cruz, or La Paz? Every day Oruro becomes poorer because the royalties are puny. Why is it that you cannot balance [words indistinct]?

[Sanchez] Well now, royalties generally are payments made by the producers of nonrenewable raw materials like timber, minerals, and petroleum. And obviously, as you well know, Oruro is not a petroleum producing department. This does not mean that it will never produce it. There are some companies interested in exploring. Let us hope there is petroleum there.

And the mining situation is so poor that royalties are puny. This does not mean that Oruro should be ignored. When one has children, and there are nine here in Bolivia, that is, nine departments, some are well off and those having problems must be helped. Our idea for Oruro is to implement an industrial promotion program so that export-oriented factories will be opened and manpower will be created. We also contemplate road construction projects and a number of projects that will help overcome this period because we are aware of the

fact that Oruro Department is going through a very difficult time. It is ironical and very painful for me, a miner, to gain access to power after more than a century, I believe, and face a crisis that I have never seen before. I have been a mining businessman for 30 years and I have never seen such low prices. In real terms, they are lower than those prevailing during the great depression of 1930.

Therefore, Oruro and Potosi are facing extremely difficult times. We are aware of the fact that all of us, the entire nation, must make an effort and help these two departments so that they will be able to endure this period until prices of minerals recover, seeking to diversify their economy and not be so dependent in the future. [passage omitted]

[Vega] My name is Corina Vega de Tarima. I am a housewife from the El Alto district. My question is what is the status of the proposal you made during the electoral campaign to create 500,000 new jobs. The job situation in the country is critical, it is difficult for the young to get jobs including my children who cannot find work despite the fact that they are professionals who graduated from the university. What will their future be?

[Sanchez] This is the question asked by everyone. This question was asked during the campaign and it is being asked now. Tomorrow will only be 30 days since I took over the government. I believe we will see the people's participation in this process starting early next year and by the end of next year we should see the effect of the capitalization process. This takes time because laws must be drawn up for telecommunications, mining, oil production, aviation, for all the areas of the large government companies. We have to draw up laws in order for people to know that the rules of the game are because if there are no clear rules no one will invest. This is something that should be known. Everything must be well prepared, the state companies must be in good condition, all the corruption and disorder must be removed. We will then have to call for bids so investors can become partners with the state, able to receive shares.

Therefore, we believe there will be growth in the upcoming 15 or 16 months, there will be growth as usual but in a smaller proportion. We believe there will be quite an improvement starting late next year because by that time we will have found investors, partners for our companies. They will start projects, they will need labor, and professionals like your sons to work in those companies. This will be like a locomotive, not all will be working there but when the people see that the economy is moving, there will be national and foreign investments in many areas. Therefore, we believe this will create the appropriate conditions or situations for more employment, more jobs, and better salaries.

As I said, miracles do not happen overnight. I did not come here with a magic wand, otherwise I would have not campaigned for so many years. But our intention, our plan is to have the capitalization process in operation and when the people see that we are working, that people are ready to invest in Entel [National Telecommunictions Enterprise], YPFB [Bolivian Government Oil Deposits], Enaf [National Smelting Enterprise] and in Lloyd Aereo Boliviano, there will be confidence in the government and other investors will come. We believe this will have a cumulative effect, a pulling effect that will be seen in the districts throughout the country in an effort to end the crisis we are experiencing.

[Lopez] My name is Sabrina Lopez of the American Institute and I am 13 years of age. We know about the great problem of illiteracy in Bolivia, about the children on the streets. Now you talk about privatizing the government schools. This would mean that parents could not pay the monthly school payments, it would cause more children to be on the streets, and to create more crimes, and especially more illiteracy. Therefore, my question is: why privatization?

[Sanchez] First of all I do not agree with privatization. We will not privatize schools. I said this during the entire campaign and I am reiterating it here. I am glad you brought this question up because there may still be people who believe this is what we plan to do. We will not privatize either schools or health. The main function of the state is to collect taxes and to provide these services to the people, especially to the people who need them most. Let me say that I am a former student of the American Institute. I went there for the first year of primary school. I would like to tell the students of the American Institute and of all Bolivia. I am saying this sincerely and seriously, we will not privatize either health or education. This is a rumor spread by people who want to hurt us. We have said this in all meetings and in many ways. Our idea is to decentralize them, to give them to the communities to handle, but to give them the resources. There must be state education and health, but we do not want corruption, stealing or anything like that which is curtailing the state education and health programs that should be provided to the people. I would like to assert, reiterate, assure again—I will not kneel because a president cannot do that—that we will not privatize either education or health. What we will do is to cut the fingernails of people who are putting these funds in their pockets thus preventing education and health from getting to the people. Therefore, you can remain calm about this issue. The idea of the people's participation is not to withdraw funds or to privatize but to make sure that the community will supervise and take care of the resources so they will really be used in the districts, and in the rural areas, and not be wasted or allowed to go into the pockets of corrupt individuals. [passage omitted]

[Zarate] Mario Maranon Zarate, of EL DIARIO. Mr. President, the government will end its first month in office tomorrow. According to the current situation, this first month has had many conflicts, with many problems in building the state apparatus and the public administration, with an irritating Congress, with a series of

factors that you have surely pondered. I believe the country would like to hear your opinion on your first month in office.

[Sanchez] Well, to begin with, when we realized that we had won the elections, we sat down to analyze how we would implement the various proposals that we made in the Plan for All. We realized it was necessary to restructure the Executive Branch, introducing a deep reform.

I believed I would need some four weeks to do this. However, we will be delayed, even though the Senate has already approved the bill and we hope Congress will approve it next week without distorting it with in-depth changes.

The Senate did not distort the bill but introduced some changes that were contributions, which did not weaken the law.

Now, people are saying: He is delaying the designation of officials.

This is happening because I want to be sure that the new government will not contract the virus of corruption, unfitness, and irresponsibility.

It is very difficult to build a house without good foundations. No matter how good the organization or the Executive Branch reform, able men are needed. Because if the best men are not properly organized, they cannot work. If the best organizations do not have good men, they cannot operate.

I have therefore been very careful to select able, honest, experienced people, and also tried to satisfy the majority bloc in Congress.

I believe we have done well. I feel reassured and happy, although I do not contend it is perfect, because no human work is perfect. I have, however, been very careful and I have made comprehensive analyses. I have met with many applicants to the posts of ministers, secretaries and under secretaries.

I am a bit behind schedule, possibly one week, if Congress completes its work on time.

Yet I am happy and satisfied because without haste and without break we are building a very solid government with very honest and able people.

What is the use of rapidly building a house without good foundations? Governments are made by men, not by one single man. I have tried to surround myself with very good, honest, able men of my party, of other parties, and independent men. They are people whom I am sure will not disappoint people, and will not be caught by the spiral of corruption that has destroyed Bolivia and the previous administration.

I, therefore, really want to be very careful, and that is why I am doing things very carefully.

[Albarracin] Good evening, Mr. President. I am Aldo Albarracin, of the Permanent Human Rights Assembly.

Some weeks ago, the Judicial Branch authorities ended their visit to prisons, which have serious infrastructure problems.

Most prisoners in Bolivia live in promiscuous conditions. Another problem is that the Executive Branch has never adopted any measures to guarantee the rehabilitation of the persons who are in the prisons.

Another factor about which I am concerned, and which has to do with the Judicial Branch and also with the Executive Branch, is that justice is not properly administered because of politicization of the Judicial Branch.

In fact, the majority of political parties, including your own, have controlled the Judicial Branch and have prevented judges from working impartially, efficiently, and in compliance with the law.

My concrete question is: What will the Executive Branch, your government, do to improve the conditions inside prisons for inmates who unfortunately have to be imprisoned? What will your government do to guarantee the full independence of the Judicial Branch, taking into account that the foundation of democracy is the independence of the branches of government?

[Sanchez] Right. I believe we have begun with a very important first step. We created a ministry of justice.

Now, the fact that a ministry was created does not mean that there will be justice in Bolivia, because Bolivia has had no justice for centuries.

We have at least shown our intention of creating, at a ministerial level, [changes thought] despite the fact that we reduced the number of ministries from 17 to 10, we made one of those ministries the ministry of justice.

I believe the problem is that one has to understand that we must have a different attitude toward justice.

In order to solve the infrastructure problem, we must make sure that the people who are taken to prisons are the really guilty ones. They are taken there but justice is never done with them, their trials never end, and justice is delayed for them.

The first thing the Executive Branch should do is see how things are in the sector, being careful, urging, demanding, and threatening in order to make the judicial branch begin to move forward.

We have taken a significant step forward in recent years, because a great consensus has been reached concerning the effort to eliminate politicization.

This does not mean that judges cannot engage in politics. They must, however, be elected because of their qualifications, not because of their party.

This has been accomplished through the two thirds rule, which has had good results at the Supreme Court, and which we will continue to enforce at the other levels of the Judicial Branch.

That is one of the most important things, in addition to the people's participation.

The reform of the state deals mainly with the reform of the Judicial Branch. A country without justice is a like a land without water.

If we continue like this, everything we do will fail. Without an independent, qualified Judicial Branch, without the people being convinced that there will be justice, we will be unable to overcome our problems. [passage omitted]

[De Campero] Mr. President, I am Ana Maria de Campero, from Presencia. You have frequently told us about your interest in capitalization of some enterprises, and ...

[Sanchez, interrupting] In capitalization of all enterprises.

[De Campero continues] ...all enterprises, which means to bring foreign capital to some or to all of them.

I would like to know about the particular case of Entel [National Telecommunicaitons Enterprise], which is a profitable enterprise that produces a surplus for the state. Why is it among the first enterprises to be privatized or capitalized?

[Sanchez] Well, I believe the Entel case is very important, because this enterprise and Enaf [National Smelting Enterprise] are perhaps the only enterprises that can pay their expenses and yield a profit.

Yet they pay their expenses thanks to a monopoly. Their services are very expensive and very backward with respect to what a modern society needs.

Other countries have much more sophisticated telecommunications systems, which are necessary in order to have an economy and a society on the forefront of progress.

We believe that capitalization can vastly improve the coverage of services, which are now very reduced. The cost can drop, making Bolivia a lot more competitive, transmitting data [preceding word in English] and information all over the country, communicating with regions that are now isolated, and rendering a service that works properly.

It is very difficult to make telephone contact with Bolivia from a foreign country, and it is as difficult to make telephone contact with a foreign country from Bolivia.

Consequently, it is obviously possible to make money with this type of situation. When you have a monopoly, you set the price, you charge whatever you need in order to pay your expenses.

Yet the truth is that better salaries should be paid to Entel employees, that more professionals should be hired, and that the enterprise should be radically expanded in order to reach all corners of Bolivia, because that is one of the foundations of a modern economy.

If the telecommunications enterprise is not capitalized, if telecommunications are not modern, it will be very difficult to capitalize the other enterprises.

Entel is the enterprise whose capitalization has awakened more interest, it is the enterprise that will be easier to capitalize, because telecommunications are very progressive. There is a great revolution in technology.

Yet at the same time we would like it to be an example. This process is necessary in order to make feasible the capitalization of other enteprises, which are more difficult to capitalize.

[Unzueta] Mr. President, I am Emilio Unzueta, president of the Bolivian Association of Banks and Financial Institutions. The Plan for All envisages the approval of some bills for the financial sector. The question is, does your government intend to modify the current banking law, or will you adapt your suggestions to the current banking law?

[Sanchez] It is very important to give signals of stability to an economy, especially to the financial sector. If changes must be made, we hope they will be minimum. The current banking law was approved by a considerable consensus, with some haste, and after a certain process. We do not think there will be great changes. We do believe that it is necessary to have a Central Bank law. We would like, as in any other country, to have the Central Bank—which used to depend on the Finance Ministry, but which now depends on the presidency—evolve toward independence and depoliticization. That is what we want with a Central Bank law. The fact that the Banking Superintendency has become a policy making rather than control institution is something that must be corrected. The Central Bank should be the policy-making institution, and the Banking Superintendency should be a control organ of the Central Bank and the entire banking system. We are not suggesting radical steps or changes, but we must make progress fast, as this is necessary to generate jobs. People here have asked for a really strong financial system that will expand and reduce banking interest rates, and this will be attained through clear, well-established rules of the game that are accepted as fair and modern, as this is what the financial sector needs. [passage omitted]

[Raya] I am Toto Raya from the ABC Television Network. We are well aware that Latin American countries need to implement deep structural changes. Our neighbors have already started to implement these changes. Some have done this by resorting to conciliation, and others just imposed them. I believe that the previous administration did not succeed in its privatization scheme because it failed to undertake a suitable motivation campaign. Allow me to quote a charming metaphor

that you are fond of repeating—that this is an administration that will seek to charm Bolivians rather than rape them. What will happen if the much needed changes in our country cannot be made through charm?

[Sanchez] I retain the hope that I have not yet lost the art of charming others, but should that fail I believe it is necessary to understand what consensus means. It does not mean unanimous approval. It means to discuss a project with everyone, and even though not everyone agrees, they all accept the proposal. That is consensus—to accept something despite the fact that not everybody is fully satisfied with it. This takes place because there is a pressure on society that begins to dominate those elements, because it is not possible to have everyone agree on a project—some people mistakenly think that consensus is unanimity, a unanimous approval of something, and if somebody disagrees, then there is no consensus. Consensus is discussing things, sharing one's point of view with others, and accepting a course of action even though not everybody is 100-percent satisfied with the idea. Once we achieve that we will be able to move ahead. And yet the role of a government is to govern—but to govern well. To govern well is to talk, to discuss things, and then make decisions. Let us hope that all our decisions stem from a general consensus. I devote a lot of time to that. There are four parties within the ruling alliance, and I treat all of them with the same respect, without making any discriminations against any one. I always try—and people even criticize me for that—to reach a consensus. But I am very well aware that there comes a time when one has to make decisions, and we will make them, as we will not allow Bolivia to become paralyzed by a few. Despite this we will do our utmost to charm them before having to rape them. [passage omitted]

[Antelo] We have been deluged by telephone calls asking about corruption. One of the questions was the following: Will you have the political will to eradicate all corruption cases even if MNR [Nationalist Revolutionary Movement] members are implicated?

[Sanchez] Absolutely. I speak with this assurance because I have not assumed office to have fun, to travel, or—even less—to steal. It is therefore one thing is to be honest, but more difficult still to try to see that others are honest, too. This is the reason why I have carefully considered the nomination of government officials, the organization of the executive branch, and have even encouraged and demanded that Congress take the necessary measures to better organize itself, to have more efficient committees and better supervision. Our great goal is without a doubt to eliminate hypercorruption, in the same way we eliminated hyperinflation. In order to achieve this the very first thing that one must be very careful about is to make sure this disease does not enter our homes. This is a very dangerous disease, and Bolivian society has relaxed its standards—so much so that nowadays many things that were previously unthinkable are now accepted. I believe this struggle must begin at home. The first place where corruption should be routed is in the new administration. We have to keep a watchful eye so that it does not sneak in. This is the only way to eliminate either inflation or corruption. Appropriate investigations and proceedings, and retributive justice for past cases of corruption, are important, but more important still is to protect our society, our country—and obviously, my beloved party, the MNR—against corruption. For all people's talk and criticism, I want to tell you that this administration is going to prove that the MNR is not only an efficient, vital, and sensitive party, but also an honest one. That is going to be my role, and that is going to be my legacy to my party and my country.

[Arana] Mr. President, I am Alfredo Arana from the National Chamber of Industries. The private sector, and especially the domestic industry, is very much concerned about corrupt practices and the lack of clear rules in state purchases. Does your administration envisage passing a law regulating state purchases? Does the Executive Branch intend to publish a list of state purchases once the national budget is approved?

[Sanchez] With regard to the list, the answer is yes, because that is what should be done, and what one must do, if one wants to have an above-board administration. One of the interesting things about our administration is not hampering Congress' supervisory power. When the Patriotic Accord was in power we did not allow a single interpellation of any minister in two years. I have been in office for less than a month, and we have already had one, and I really welcome this. Why not let people criticize? That is your role, your right, your obligation. The fact that the previous administration did not do this does not mean that we are going to follow suit. Now concerning state purchases, it is hard to believe that agencies belonging to the Dutch and British Governments could have been liquidated by our ability in and dedication to corrupt practices. I would like to examine this more closely, because if Bolivians managed to liquidate them, well, they are really geniuses. I believe there has been much said about that issue, because agencies that send people who are reliable and act in an above-board manner obtain good results. We never thought it would be a definite solution, but rather a provisional one, for more effective state purchases. If we manage to achieve the capitalization of state-owned enterprises, they will no longer depend on the government. People who invest in those companies will be in charge of managing them. Moreover, they will have Bolivian partners who will demand positive results and dividends. I believe that popular participation will be instrumental in curbing corruption. But to begin with, businessmen may rest assured that we will be very clear and open about what we are going to purchase, and there will be mechanisms for checks and balances, such as Congress, that are going to watch over the government to prevent corruption and to put an end to impunity. [passage omitted]

[Lusa] Good evening, Mr. President. My name is Percy Lusa, president of the Bolivian soccer team, and I,

together with other people here, represent the sports community. You said something very important, which is that health and education are essential factors for the development of society. I would like to add that sports are a very important complementary activity to what you mentioned, because there cannot be total health and education if they are not accompanied by sports. I would like to ask whether, within the reorganization that is being made in the sports field, the government will allot concrete funds, specifying their sources, to finance and promote sports in general?

[Sanchez] Well, we began by creating a Sports Secretariat, which will be the resposibility of a minister who will coordinate health, education, and sports. Yes, you are entirely correct. Sports are a part of these essential points, and they cannot be excluded. Sports have a physical dimension, but they also have a social dimension. In all the places I visited I observed that sports are of vital importance. Communities, neighborhoods, everyone organizes around sports, which are something essential in peoples' lives. The poorer a community, the more important sports are for it. It is therefore our intention to promote sports—and this has been demonstrated by our decision to create a secretariat, and by the person who has been chosen to head it, as well as by the minister whose duty will be to coordinate, evaluate, and develop this field.

As for the origin of its funds, I must say that one of the big tasks we will have is to convince the Bolivian people, whether they like it or not, that they must really pay their taxes. Taxes must not be very high, but everyone must pay. There has been much concern over a possible increase in fuel prices. The price of gasoline is already very high in Bolivia. It costs $55 [volume unit not specified], and the justification for this is that 65 percent of it goes to the government. However, the price of gasoline cannot be increased further. They have left us a penniless country. We have floating debts amounting to 180 million bolivianos, and no cash. However, we are recovering money. We are placing capable people in the appropriate posts, and we will recover money through tax collection. If the Bolivian people paid all their taxes, and if the taxes were not channeled into the pockets of the corrupt, I think there would be enough funds for sports, arts, and everything else.

The only people who should be afraid of our administration are those who do not pay taxes. I will not adopt radical measures because this would be unjustified. Some speculators may say that they will increase their prices because gasoline price will increase. They will not increase. What will really increase is the tax pressure. The pressure on the contributors to pay will be greater, but without raising taxes. Otherwise, where will the money for sports, culture, education, or for all the things we have spoken about here, come from? It must come from the people, who must and can pay taxes, so that the resources can be spent on those who do not have anything.

How will we ever have education? Why isn't privatization ever mentioned, when we know that education must be the responsibility of the state? The state needs resources. I am going to give you a very important message here. It is very necessary here to stop corruption in tax collection. I am really fed up with observing how people evade taxes, how smuggling continues—I know it has been hardly a month since we began reorganizing the customs office—but taxes will be paid in this country; otherwise there will be a lot of people in jail for evading taxes. We cannot continue with gasoline price hikes, we cannot continue without paying what we must—which is the current situation—or without attending to the people's needs because the contributors, especially those who can, do not want to pay taxes to help those who do not have anything. This is the worst kind of corruption.

Your question about sports is what people ask everywhere. The trouble stems from those who do not feel like paying taxes, and the few taxes they pay do not go to the government, so that it can spend the money well, but to the pockets of the corrupt.

[Antelo] We want to thank the public for their patience. We have taken longer than the time we estimated. There have been many phone calls...

[Sanchez] Besides, I must go watch the soccer match. We must all go. [laughter]

[Antelo] Let us allow the president to make a final statement.

[Sanchez] Well, I think my final statement is that message I gave of firmness in the moral field. It is necessary to be capable of governing, while it is also very necessary to know how to pray, as well as to have morals. We must be demanding, in setting an example, but also through the mechanisms society has given to the president. One of the most important mechanisms is to be in contact with the people. I feel very satisfied at having been here. I want to thank everyone who came. What I heard here today has again served me as a guide, and has encouraged me to continue and not to become distracted from the main objectives. This has been very fruitful for me, as I hope it has been for all of you who came.

I hope we will continue with these kinds of meetings. As you know, some people here were chosen to come. No one was instructed about what they must ask me, and much less so the other guests, who represent different sectors of our society. I expect to repeat this kind of meeting in Cochabamba next 14 September, in Santa Cruz on 24 September, in Potosi, and on other occasions, but not too many times—otherwise no one will want to watch television. However, this palace will always remain open, and what is more important I will not allow my mind and heart to close to you. Thank you very much. [applause]

Brazil

Cardoso, Argentina's Cavallo Discuss Trade Relations

PY0809031693 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 7 Sep 93

[Report by Brasilia correspondent Ana Paula Padrao]

[Text] Finance Minister Fernando Henrique Cardoso today met with his Argentine counterpart Domingo Cavallo in Brasilia. They reached an agreement to improve trade relations between the two countries.

The meeting enabled both ministers to smooth their ruffled feathers. The fact of the matter is that despite being partners within Mercosur [Common Market of the South], Argentina has made life difficult for some Brazilian exporters by implementing surcharges on imports. Cavallo promised that he would study the possibility of compensating Brazilian exporters for their losses. Both ministers toasted the success of this agreement.

Cavallo has more reasons to celebrate than his Brazilian counterpart. While inflation here runs at more than 30 percent a month, it bottomed out in Argentina last month, falling to 0 percent. This is the result of Cavallo's decision to adopt the gold exchange standard and peg the Argentine peso to the dollar. Now can the policy that worked wonders in Argentina also be successful here in Brazil?

Minister Cavallo answers that it cannot, because the two countries' economies are very different. He says that Brazil must find its own way out, and bet on it; but this bet can only be placed after implementing a fiscal adjustment and balancing government accounts. Cardoso agrees entirely with Cavallo's views. He said:

[Begin Cardoso recording] It is not advisable to put the cart before the horse. This does not mean that at some future time we might not be able to bet heavily on stabilization. If we try now to place a bet on stabilization, before achieving a fiscal balance, we run the tremendous risk of failing in our endeavor. [end recording]

IMF Unsure Regarding President's Capabilities

PY0709153793 Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Sep 93 section 1 p 8

[From the Brasilia bureau]

[Text] Planalto Palace on 3 September issued an official note in which it answers a report that FOLHA DE SAO PAULO published on 3 September entitled: "For the IMF, Itamar Is Brazil's Problem." Signed by the Washington correspondent, the report indicated that the Brazilian president's credibility with the IMF management is nil.

The report includes a message from an IMF spokesperson. The message does not include the spokesperson's name, nor does it indicate that the message was provoked by Planalto Palace's spokesman, Francisco Baker, who took the initiative of contacting the IMF.

In its report, FOLHA DE SAO PAULO stated that until the IMF management is sure that [President] Itamar [Franco] can guarantee the country's political stability, the chances of a new agreement between Brazil and the IMF are nil.

On introducing the IMF message, the note that was issued by Baker states that "An IMF spokesperson telephoned us from his Washington office in order to provide the following clarification." The IMF message, which was addressed in English and was translated by Planalto Palace personnel, states: "The report that was published in the 3 September issue of FOLHA DE SAO PAULO regarding the IMF's attitude regarding Brazil is pure nonsense" [previous word in English]. It is known that the IMF continues to work closely with Brazil, and it hopes to be in a position to support a program that addresses its basic economic problems."

Editor's note: The report on the opinion of the IMF management regarding President Franco that was published by FOLHA DE SAO PAULO on 3 September states exactly what managers of that organization have told various interlocutors in confidential chats. The IMF's public statements about Brazil and its authorities are always euphemistic. Due to its official duties, the IMF wants to maintain good relations with all member countries, especially the large ones such as Brazil. Also complying with its duty, FOLHA DE SAO PAULO tries to inform its readers of the facts that are hidden behind facades.

Finance Minister Rules Out Dollarization of Economy

PY0709153193 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 7 Sep 93

[Text] Finance Minister Fernando Henrique Cardoso has said that the constitutional reform can result in earlier elimination of the IPMF [Provisional Tax on Financial Operations], provided it entails an efficient fiscal reform.

He said that he hopes a more just tax reform will be enforced, because—as he put it—today those who have less pay more taxes, while many people do not pay anything.

[Begin Cardoso recording] I believe that if a good constitutional reform is enforced, we might even eliminate the IPMF on an earlier date. The Constitution can do everything. Yet to achieve this objective it is necessary to redesign the tax system. Also, the constitutional reform should provide for better distribution of expenses. [end recording]

The minister added that people, by influencing Congress, will create the conditions in which the government will be able to implement a project that will develop and improve the nation.

[Begin Cardoso recording, in progress] ... of reserves of Brazil is very good. A country with such a positive economic situation should not be afraid. It should be courageous and confront the difficulties of the public sector. To this end, Congress must help. Society should also become aware of it, and instead of voting for deputies who managed to build an additional bridge, school, or hospital—even though they are important—should vote for deputies who understand that Brazil is in a situation in which it can take a big leap, and that some expenses have to be reduced at this moment, despite the fact that 1994 will be a year of elections. What is the use of deceiving people? [end recording]

The minister again ruled out the possibility of dollarization of the economy as a method for curbing inflation. He said conditions in the country allow for implementation of better and more efficient measures for stabilization of the economy.

Minister Cardoso today will meet with his Argentine counterpart Domingo Cavallo to address exchange between the two countries within Mercosur [Common Market of the South].

To Remove Privatization Obstacles

PY0709210093 Sao Paulo O ESTADO DE S.IO PAULO in Portuguese 5 Sep 93 p 7

[Article by Beatriz Abreu]

[Text] Brasilia—Finance Minister Fernando Henrique Cardoso has begun working on the measures of his economic plan, a process that will conclude when he announces the deindexation of the economy. This week, after Pedro Malan has been installed as Central Bank president, Cardoso will evaluate measures to make the National Treasury accounts more open, and will pose his first challenge to the new president of the National Bank for Economic and Social Development (BNDES), Persio Arida: to remove the obstacles that are hindering the privatization process.

The new foreign debt negotiator, Andre Lara Resende, must convince foreign creditor banks to accept the Brazilian proposal. The Brazilian Government depends on the IMF's recommendation to the creditor banks in confirming the resumption of negotiations on a new agreement.

Lara Resende is participating in the Brazilian Government's negotiations with the Paris Club. According to an adviser, Minister Cardoso met last week with the ambassadors of the Group of Seven—Germany, the United Kingdom, France, United States, Canada, Japan, and Italy—to tell them that Brazil will not fall behind in its payments.

Three months after having been installed as minister, Cardoso has managed to organize the team he wanted. Advisers say that just after he was installed it "was very difficult" to gather people like Edmar Bacha, Andre Lara Resende, and Persio Arida, the fathers of the cruzado currency, without running the risk of causing an "avalanche" of speculations and inflationary upsurge. Even the transfer of economist Gustavo Franco from the Economic Policy Undersecretariat to become chief of the [Central Bank] foreign department was part of the strategy. Advisers recall that a successful deindexation of the economy will depend on a careful exchange and monetary policy—whether or not this is done through fixing the exchange rate.

Speech

The speech that Minister Cardoso will give to the nation on 14 September, when the FHC [Fernando Henrique Cardoso] plan will be three months old, will be finished this week. His advisers are working full time on this speech, which will describe the economic scene for the next few months, during which control of inflation is the main objective. The economic team expects inflation to gradually drop to 15 percent by April of next year. "And this does not entail any economic shock," Cardoso's advisers say.

The purpose of the speech is to explain the measures adopted to balance public accounts and the result of restricting expenses, which is "a small surplus" in the National Treasury accounts. Cardoso will also mention governors' and mayors' support for his proposal to renegotiate their debts with the Federal Government. Many states and municipalities have already begun repaying their overdue debts to the federal government.

Chile

Bolivian Aspirations for Sea Outlet Viewed

PY0809030893 Santiago EL DIARIO in Spanish 30 Aug 93 p 32

[Interview with Foreign Minister Enrique Silva Cimma by unidentified reporter; place and date not given]

[Text] [EL DIARIO] Minister, a presidential candidate has said it would be advantageous for the two countries if Chile granted Bolivia the possibility of administering its own port, although under Chilean sovereignty. The candidate added that this could be done based on negotiations and mutual advantages. In sum, the candidate said that the issue must be dealt with in a fresh and modern way, in accordance with the times. What is your opinion on the subject?

[Silva Cimma] We have worked on the issue based precisely on those criteria. Of course it cannot, and it does not, serve any purpose to discuss the issue from the point of view of rights, because the mold was set by the 1904 Treaty and we cannot depart from that. But we can

do many other things without touching the treaty, for which we only need imagination, good will, and a desire for integration. I imagine the candidate's proposal must be pointing in that direction. The problem is to sit down and talk with an open mind, without pulling out the landlocked issue. It is obvious that we cannot talk with conditions attached. Regarding the sea outlet, it is clear that there are real possibilities indirectly, through business activities. It is not a matter of handing over territories, which is not possible.

[EL DIARIO] But how can we open the doors for business activities without providing ways for companies to get established?

[Silva Cimma] It is a good question, and we have a good answer for it. There is a project—which has already been approved by the Senate, with a large majority—allowing citizens from neighboring countries to purchase land within a large industrial free trade zone.

[EL DIARIO] But would this program not create another problem? Just suppose that Bolivian citizens purchase too much land, and end up creating an enclave.

[Silva Cimma] That could happen only in theory, because the law imposes all kinds of limitations. First of all, the free trade zone is a zone with boundaries beyond which more land cannot be purchased. All Bolivian investors who establish themselves in the zone with their companies will be able to export their products with all the rights Chilean entrepreneurs have, plus the advantages granted by the law to Bolivian citizens. We even offered Bolivia the ownership of the Arica-La Paz railroad, but Bolivians rejected the offer. I understand they prefer an administration of the joint venture type. I may add that Chile has almost finished the road running along the Arica-La Paz railroad line, while very little progress has been made on the Bolivian side.

[EL DIARIO] The previous Bolivian president bragged that Bolivia would find its sea outlet through Ilo. He said we would beg them to export their products through Chile.

[Silva Cimma] Yes. He said that. The truth is that Bolivia cannot build a free trade zone in Ilo. That port can barely receive a pair of minor ships. It does not have adequate docks. It will take them 30 years to build something appropriate.

[EL DIARIO] The heart of the entire affair with Bolivia is the alleged inviolability of the 1904 Treaty. Why is it inviolable?

[Silva Cimma] That is not the point. In order to modify a treaty the two countries must have concurrent willingness to do so. For that to be possible we need a national consensus creating the appropriate conditions. Right now, conditions are not appropriate.

[EL DIARIO] How would you characterize our relations with Bolivia following former President Jaime Paz Zamora's sharp remarks?

[Silva Cimma] Normal, but so far without contacts.

[EL DIARIO] Finally, Mr. Foreign Minister, let us talk about the wider topic of whales. I understand the Pacific Commission will release a report on the issue today. It will specifically establish a protection zone for the cetaceans covering the entire sea coast, from Colombia down to southern Chile. Was this decision the result of the French proposal to implement such a zone, with international sponsorship?

[Silva Cimma] First of all I must say that I believe the sanctuary will be established. What we do not want is for the issue to be taken to extreme limits through the sponsorship of other countries. Second, this is not a result of the French proposal. The commission was active long before that proposal, and one of the issues of interest was to protect this beautiful and threatened species.

Ecuador

* Hurtado Interprets DP 'Ideological' Congress

93SM0379B Guayaquil VISTAZO in Spanish 15 Jul 93 pp 11-25

[Interview with the president of the Popular Democracy Party (DP), Osvaldo Hurtado, by correspondent Jorge Ortiz: "The DP: A Veer to the Right..."; at the DP congress in Quito; date not given]

[Text] [Ortiz] Why and to what end is an ideological congress being held?

[Hurtado] For several reasons: first, to respond to the criticism being leveled at politics, politicians, and political parties, in general, and show the people that we politicians and parties are indeed capable of addressing issues having to do with the fundamental problems of society. These are problems of underdevelopment, economic problems, all of which must be approached by way of up-to-date ideas. And secondly, to respond to criticisms that ideas and ideologies do not count. At least this congress....

[Ortiz] At least they no longer count, because they are dying.

[Hurtado] Well, this congress wants to demonstrate that ideas, ideologies, and principles certainly count, that without them it is not possible to conduct policy, an economic program or social reform, or any other action that has to do with governing a society.

[Ortiz] In this day and age, how does one extend ideologies without reaching a point where they touch upon the real dread, which is dogmatism?

[Hurtado] This declaration of principles is the product of a very extensive debate within the party, and a very original one, in the sense that it was discussed with a few Ecuadoran citizens who are not members of Popular

Democracy, some of whom are of Christian inclination, and others not. A declaration of principles evolved in this manner is not the product of a small group of supporters, an inner circle, or a closed committee, but rather the outgrowth of a set of principles, ideas, and proposals that have emerged from within a more or less extensive group of people.

[Ortiz] Dr. Hurtado, is this a turning of your party's ideology toward liberalism and a distancing of it from socialism?

[Hurtado] I think there are two very important facts. The first is the legitimation of democracy on a universal scale. Not only in that democracy has extended itself as never before in its history, but also because there is no other alternative political system on the horizon that conceivably could some day replace the democratic system. The second....

[Ortiz, interrupts] Is this something like the theory of the "end of history"?

[Hurtado] To some extent that is true, not in the sense posited by the theory that there can be no other alternative to the democratic system, but rather in the sense that no alternative system, it seems to me, actually exists in current reality. Look at the world. Of course, there are different forms of governments, but nowhere in the world is there, nor, it seems, will there ever be in the foreseeable future, totalitarian political systems such as the fascist and Marxist-Leninist ones. We will, therefore, have to live and develop politically as a democracy in Ecuador. The second fact is that the market-driven economy concept has spread throughout every continent, and there is apparently no other economic system that can stand up to it. Now you may say, as others say, that the market economy must necessarily be a liberal economy. I do not think so. I would like to cite the example of Germany where there is a social form of market economy, involving major intervention by the state, so as to subordinate all economic variables to the public interest. And here in Ecuador, within the legislative committee or legislative committees, you have seen two positions being adopted. We support the opening of our economy to foreign capital. We are in favor of having the state relinquish a number of activities. But we are opposed to the transfer of basic activities to individuals, and to the subsidizing of individuals, as has been proposed by some political parties.

[Ortiz] Dr. Hurtado, a moment ago, I invoked the liberalism-versus-socialism dichotomy. Since you mentioned the social market economy, which is at the root of the Christian Democratic doctrine, let me ask you a more specific question. Is this a shift toward Christian Democratic roots and a retreat from Popular Democratic positions?

[Hurtado] First, I would like to finish answering the previous question. At this moment, no socialist economy exists in the world. In China, it disappeared long ago. In Vietnam, it is rapidly disappearing, and in Cuba, it is undergoing substantial change. For this reason, in our new declaration of principles, you will find no mention of what we used to term "communitarian socialism."

[Ortiz] Communitarian socialism disappears as an ideal....

[Hurtado] The concept of communitarian socialism disappears from our declaration of principles, and we develop the concept of a solidaristic economy.

[Ortiz] What is the difference between a solidaristic economy and communitarian socialism?

[Hurtado] In the realm of socialisms, communitarian socialism—one more socialism, which I never defended within the Christian Democratic party, nor did I use it as a concept because I considered it unrealistic, and because it confused our ideology with that of all the other socialisms that exist in the world—contributed nothing to the political development of Ecuador. Communitarian socialism favored a communitarian form of ownership of production facilities. In our new declaration of principles, we open the doors to many different forms of ownership, including the communitarian, of course, which we do not discard, and state ownership, which we are demanding and for which we are waging a political battle in the National Congress. But we are also giving great importance to private-sector enterprises, to the market, to individual initiatives, to the need for the state to be able to support these activities. In posing an earlier question, you asked whether we are returning to our roots. I believe we are.

[Ortiz] To Christian Democratic roots?

[Hurtado] I believe we are, but in the following sense. We are retaining our principles as general principles. More so than by principles, a political party lives by ideology, which is the relationship of those principles to reality. If the world reality has changed, if Ecuador's reality is changing, it would be nonsensical of a politician, who must deal with realities, not to modify that ideology, not to define it according to those problems, circumstances, and limitations that exist in the world and in Ecuador.

[Ortiz] A few months ago, Dr. Julio Cesar Trujillo was saying that he was not in agreement with this liberalization. He was not referring specifically to the Christian Democratic Party, but rather to the new liberal and liberalizing trends in the world. He said they are only a fad and that those who go along with a fad end up being acquiescent and opportunistic. Could not a party that holds an ideological congress at this time be criticized from this standpoint?

[Hurtado] On the contrary, its initiative should be valued. There is nothing worse than freezes, because what they do is preserve something over the centuries, so that, once defrosted, it comes back to life. These ideological freezes seem to me to be contradictory to the evolution of history, the evolution of the world, the evolution of society, and the evolution of human

thought. What if we had remained under a monarchy? What if we had remained under a feudal economy? What if we had remained under a centrally planned collective economy like that of the communist countries? The world would not have experienced progress. By training, I have always been opposed to these ideological freezes.

[Ortiz] Incidentally, those debates have been tense, difficult, and bitter.

[Hurtado] This has been a two-year process that began when Jamil Mahuad was president of the party. This is a fourth draft. Three previous drafts were widely distributed among the rank-and-file members, and they were debated, discussed and argued over, so that we are not presenting to the congress a document produced by the leaders of the party to be rubber-stamped. Each draft has undergone a great many changes, and this fourth draft contains a group of proposals that does not appear either in the first, second, or third drafts.

[Ortiz] Has this process been hard, has it been controversial, has it been bitter?

[Hurtado] Not as much as I had expected. On the contrary, there has not been great dissension, for example, regarding the declaration of principles, the fourth draft of which was almost unanimously approved by the national executive committee at the party's ideological congress, and the third draft was approved with changes by a national committee, thus by an organism with much broader-based representation within the party.

[Ortiz] But elimination of the term "communitarian socialism," for example—a term that must be dear to those who were educated in the 1960's and 1970's when these theories were at their zenith—is not the elimination of these terms going to cause dissent or perhaps estrangement from the party?

[Hurtado] It caused controversy within the National Committee, but the dissent, I would say, was minor. The vast majority agreed with that change. Moreover, the change was suggested from within that committee. At an early stage, the term "communitarian communism" was discarded, but the concept of communitarianism remained. Then, in committee, a fellow member presented a lengthy analysis and suggested that it would be desirable to replace this concept with that of "solidarity" or "solidarism," which was finally approved for submittal to the ideological congress.

Paraguay

President Wasmosy Grants Weekly News Conference

PY0709220793 Asuncion HOY in Spanish 4 Sep 93 p 8

[Excerpts] President Juan Carlos Wasmosy said that he has submitted a statement of his assets, and that the document can be seen by the public. During the weekly news conference Wasmosy also reported that he is studying the possibility of resorting to the Supreme Court against the annulment of the law on military reorganization. He also admitted that some political sectors might be annoyed by his governmental appointments. [passage omitted]

Asked if the total amount of his assets could be publicly disclosed, he said: "Why not? You can ask the comptroller general. I have nothing to hide." Asked again if he could give an overall figure for his assets, Wasmosy said: "How silly. Why not see it directly, and even in detail? I believe this is the best way." [passage omitted]

Asked about the questioning in Congress over the budget bill submitted by the executive power, Wasmosy said: "Everyone is entitled to an opinion in a democracy. I believe the finance minister went to Congress with Vice Minister Inocencio Palacios and gave an explanation of the budget."

He added: "Under no circumstances are we going to avoid criticisms, or be annoyed by them. I believe everyone has the right to an opinion, and after explanations are given, requests for clarifications can be made. Actually, we would be very grateful if congressmen could shed some light on the budget."

Wasmosy put special emphasis on the guarantees granted by the government "for the free flow of international capital" by giving security to foreign currency savings deposits.

"Savers can make deposits abroad and also here, so that it can be used for the harvest, as credits in dollars can be given to exporters of agricultural products—as the purchase of cotton, soybeans, or wheat is already in dollars," said Wasmosy, in reference to the groups that can get credits.

Regarding the credit granted by the Central Bank to the banking system for providing loans, mainly to agricultural producers, to replace subsidies, Wasmosy said that this is not a subsidy in itself. He then pointed out that the problems caused by middlemen can be solved by direct contact with producers through cooperatives or committees.

Wasmosy said: "We are trying to train people to help create cooperatives. I have also talked with members of the church to help with this. The government cannot get involved in everything, because if it does it would become a controlled economy. But we do want to protect the very poor, those with fewer resources."

Wasmosy also said that it is normal to have people annoyed by government apppointments because "there are many candidates for few positions." Wasmosy also met with Senator Blas N. Riquelme, president of the Colorado Party. [passage omitted]

Asked if Riquelme expressed the concern of Colorado Party members over the latest appointments, Wasmosy said no. He added: "Some people will always be

annoyed. Just imagine if I were bought for what I say I am worth, and then sold for what people say I am worth: logically I would lose. Or the other way around. The thing is there are many candidates for a few positions. It is normal for people to be annoyed when they are not chosen. I get the suggestions and choices, but I am the one who makes the appointments."

Asked if priority is given to either technicians or politicians, he said: "There are positions in which politicians are more important than technicians, and the other way around." [passage omitted]

President Wasmosy also admitted that the possibility of resorting to the Supreme Court, to propose the unconstitutionality of the annulment of Law 216 on the reorganization of the Armed Forces, will be studied.

Wasmosy indicated that while in no way involving the rights of the president of the Republic, there is a need to have a commander of military forces and another commander of the police forces. As far as the figure of commander of military forces is concerned, he said this position should continue. Wasmosy wanted his presidential social advisor Oscar Paciello to provide further legal details on this. Wasmosy also said he would submit this issue to the consideration of the cabinet, to get their opinion. He added: "I will act in accordance with their advice."

Wasmosy was also asked about the possibility that General Dionisio Cabello [former Air Force commander] might be reintegrated into the Armed Forces. The explanation was given that the final decision would be made by the president. Wasmosy said he would seek the advice of the Military Court, and would act in accordance with the advice of the military chiefs.

Asked what he would do if a military men on active duty got involved in political activities, he said: "I swore to obey the Constitution. If some day I deviate from this, please point it out to me."

Action To Renegotiate Itaipu Treaty Begins

PY0709174893 Asuncion NOTICIAS in Spanish 4 Sep 93 p 17

[Text] After a meeting with the chief of state, Foreign Minister Diogenes Martinez made an important announcement indicating that our government has begun contacts with the Brazilian Government to renegotiate the Itaipu Treaty. He explained that Annex A is the current priority because the functioning of the binational organization depends on it.

He added that even before 15 August several persons were commissioned to speak about the matter of renegotiation with Brazilian authorities, but he said that this "matter is in the hands of the president."

He admitted that the clause pertaining to the sale of electricity to third countries is one of the points that will be discussed with the Brazilians. "It is one of the topics that is being discussed," he said.

When he was told that during his election campaign, Wasmosy had said that it would be immoral for Paraguay to call for the renegotiation of the treaty, Martinez stated that the president had clarified the scope of what had been attributed to him on that occasion.

"I believe that he (Wasmosy) had clearly said that we must talk again about the treaty, especially about Annex A," Martinez said.

Asked whether he believes if in Brazil there is a real political desire to renegotiate the treaty, Martinez said: "The cooperation of any country cannot be denied for any just objective. The international community is ruled today by the undeniable principles of justice. No one can support an unjust principle or norm."

When reporters insisted on talking about the clause that prohibits the sale of electricity to third countries, a clause that Brazil staunchly supports, the foreign minister commented that a formula must be sought that will permit its free commercialization. He cited as an example the freedom that Paraguay obtained when it joined the GATT.

In another passage, the foreign minister stressed that renegotiation is now being handled, although he added that he could not give any details because he does not have an updated report in hand.

Martinez repeated that the matter is in the hands of the president, and he stated that he always shared the opinion of the chief of state, who is in charge of Paraguayan diplomacy.

Finally, the foreign minister expressed an opinion on the topic of former President Alfredo Stroessner indicating that it is a judicial affair, not a political one.

Opposition Criticizes 'Unfit' Wasmosy Appointees

PY0809031893 Asuncion ABC COLOR in Spanish 30 Aug 93 p 2

[Text] Various opposition leaders yesterday said that President Juan Carlos Wasmosy's first grave mistake was his having appointed Colorado Party leaders with dubious political pasts to public positions. Liberal Deputy Hermes Chamorro said that the new president was simply returning the favor to his friends in the Colorado Party leadership, who forged his electoral victory by dubious means. Other politicians said Wasmosy must reject pressures over his decisions—otherwise he will be on his way to failure.

Senator Basilio Nikiphoroff of the National Encounter Alliance [AEN] criticized the appointment of Colorado Party precinct members to positions in the public administration, saying that with that kind of people

surrounding him President Wasmosy will not be able to implement the government program he promised to the people.

"With that kind of people around him President Wasmosy will simply not be able to implement his government program, because those people are not trained to carry out any type of plan or development project. When the head does not work, the other members cannot function properly," the AEN legislator said.

"Of course there is a contradiction here, and the people are disappointed because they hoped the president would chose honest and efficient cabinet members and administrators without paying attention to which political party they were members of," Nikiphoroff said.

In his opinion Colorado Party politicians appointed to public positions "are only interested in getting rich," adding that "appointing Eugenio Sanabria Cantero as head of the National Navigation and Ports Administration is definitely murder."

Nikiphoroff does not think it is any defect to be a politician, stressing that "they are not just politicians; they are inefficient. Besides, most of those called upon to occupy public positions are dishonest."

The senator said that "the appointments are a heavy burden, because these individuals were members of [former President Alfredo] Stroessner's government, Rodriguez' government, and today they are back with Wasmosy." Nikiphoroff was referring to the possible appointments of Juan Esteche Fanego as head of the IBR [Land Reform Institute] and Juan Manuel Frutos as head of the Agricultural Development Fund.

"It is really incredible that Wasmosy would let himself be influenced by the Colorado Party executive board to appoint individuals whose images are entirely tarnished and who are unfit for the posts, because no one will tell me that Juan Manuel Frutos, Juan Esteche Fanego, or Cayo Franco are honest and efficient individuals. They are entirely worn out, and cannot do anything on behalf of rural development or economic development because they are simply unfit," Nikiphoroff said.

"It is a joke to see that instead of choosing among the many exceptional people around, he again resorted to these people," Nikiphoroff said.

Finance Minister Submits Budget Proposal to Congress

PY0809031193 Asuncion HOY in Spanish
2 Sep 93 pp 4-5

[All figures as published]

[Text] The total income predicted in the 1994 budget proposal submitted to the Chamber of Deputies stands at 5,694,735,558,337 guaranies. Compared with this year's income of 5,009,186,405,195 guaranies, this amounts to 685,549,153,042 guaranies in greater income.

Proposed expenditures amount to 5,645,421,410,386 guaranies for 1994 as compared to the 4,968,372,773,502 guaranies of the current budget.

Speaking in terms of absolute values, the surplus estimated by the executive branch for next year amounts to 49,314,147,951 guaranies, resulting from the above difference in income and expenditures.

According to Finance Minister Crispiniano Sandoval, who submitted the budget proposal to Chamber of Deputies President Francisco Jose de Vargas, following the guidelines of its economic policy the executive branch will pay priority attention to social needs as compared with other equally important requirements.

He said that the largest share of resources will be earmarked for education; followed by highway projects and infrastructure for agriculture, which are the responsibility of the Public Works and Communications Ministry [MOPC]; and then to meeting the demands of the Agriculture and Livestock Ministry.

Proposed expenditures by the central administration amount to 2,203,265,327,142 guranies, of which the Education Ministry will receive 393,225,800,548 guaranies. The MOPC will receive 392,246,831,574 guaranies, while the Agriculture and Livestock Ministry will receive 200,985,078,439 guaranies.

According to Sandoval the national Armed Forces' expenditures next year will experience a reduction "of more than 5 percent"; the submitted proposal provides for 179,167,083,371 guaranies. "It is the only area that will experience a moderate reduction among those areas making up the central administration," the minister said.

Other ministries will, however, receive lower amounts, among which we can mention the Health Ministry, which will receive 152,787,289,286 guaranies.

Lower figures are budgeted for the other ministries. Such is the case with the controversial existence of the Ministry Without Portfolio, for which a total of 205,328,474 guaranies have been assigned.

The proposed allocation for the Judicial Branch amounts to 54 billion guaranies, lower than that submitted by the Judicial Branch to the same Chamber of Deputies.

According to Inocencio Palacios, Finance Ministry revenues under secretary, the judicial branch has again tried to obtain a budget of expenditures which is not in line with the resources the state could eventually obtain—that is, through its real income. In other words, the judicial branch has submitted an inflated budget which is not in keeping with the national situation.

The finance minister added that within the overall framework of the proposal submitted, there is an increase of 7 percent as compared to the current budget.

He said that these resources will seek to promote the national productive apparatus which, within the order of priorities, seeks to strengthen capital investments, delegating to a secondary level all current expenditures (salaries, entertainment expenditures, and other state expenditures).

However, the same proposal provides for the second semester of 1994 an increase in salaries of 7.5 percent for public employees.

According to this proposal we can see that the state will charge the public a daily total of 15,466,907,973 guaranies, an amount that will probably vary according to the corrections congressional members will make in the study and approval of the proposal for next year.

Moreover, it was once again repeated that the Executive Branch seeks to comply with the budget in accordance with the resources it ia able to obtain, and not with others that are presumed obtainable, as happened a few years ago and which left several social and economic demands unfulfilled or pending. In other words, the finance minister said the budget will be handled according to the revenues obtained by the Treasury.

Peru

Government Extends State of Emergency in Apurimac

PA0709213493 Lima Radio Programas del Peru Network in Spanish 1800 GMT 7 Sep 93

[From the "Newspaper of the Airwaves" newscast]

[Text] Upon request of the Armed Forces joint chiefs of staff, the government has extended the state of emergency in Apurimac Department for another 60 days to continue counterterrorism operations. Consequently, constitutional rights regarding the freedom to choose one's homestead and the inviolability thereof and the right of peaceful assembly are suspended. The Armed Forces will continue to guarantee internal order and will direct all counter insurgent operations directed at attaining peace by 1995, as projected by their supreme commander in chief.

Venezuela

* New CVG Head Backs Restructuring, Privatization

93SM0381C Caracas EL NACIONAL in Spanish 23 Jul 93 p D7

[Article by Adriana Cortes—first paragraph is EL NACIONAL introduction]

[Text] With an innovative management approach for the until now immobile structure of the CVG [Venezuelan Corporation of Guayana], Francisco Layrisse explains that the only way to save the aluminum industry is privatization; he says its crisis is caused both by the external market situation and by management errors.

Francisco Layrisse certainly represents a change, perhaps not a radical departure, but still a quite significant change, for that untouchable monster, the basic enterprises of the CVG. This change can be seen from the subjectivity in his personal behavior up to the foundations of the management structure of these CVG components that belonged to the state, and which today are hoisting the banner of privatization, in touch with the times. This frees public structures from paying out resources that are hard to recover and enables them to be channeled toward other areas.

The new CVG minister says he will be totally open to change and to the private sector's participation. Depending on the situation and what each enterprise needs, this may range from strategic associations with private capital up to a 100-percent privatization, or even keeping its state structure, as not all the CVG's component industries generate losses, and some have demonstrated that they are well-managed. But the first step has already been taken, and it is expected that within a week a restructuring trusteeship agreement for approximately $100 million will be signed with the FIV [Venezuelan Investment Fund].

This will cover the needs of Alcasa [Caroni Aluminum, Inc.], a firm that requires immediate intervention to be saved. The Venezuelan Investment Fund and the CVG are now meeting with the initial purpose of restructuring the enterprise so that it may later be restored to health and its debts eliminated.

Fesilven [expansion not given] in iron and steel will be the first to be privatized in the orthodox meaning of the term. Its structure is believed to be much more manageable than the steel problem.

Layrisse also said they are strengthening all of the remaining aluminum companies. There will be an accelerated merger process between Bauxiven [Venezuelan Bauxite, Inc.] and Interalumina [expansion not given] and a later merger with Venalum [Aluminum Company of Venezuela, Inc.], in order to reduce the number of white collar workers (management) as much as possible and cut costs to the maximum. With Venalum, they will in the future negotiate with Japanese investors, who have the first priority for partnership.

The process will start with a Trusteeship Fund that will be financed by the FIV, as we said, with $100 million, and will include the restructuring of liabilities and operating agreements, streamlining, and the modernization of management, among other points. There has been a cost reduction process, but that was not sufficient.

This FIV payment will be used for the CVG plant operating in Guacara, valued at $200 million. Both the trusteeship and the future privatizations of Alcasa and Fesilven will comply fully with the appropriate laws now in force. This marks a change, as under the former management things were not handled in this way. At the present time a joint FIV-CVG committee is working on the process in order to present it to the Council of Ministers within one week.

These resources will be used first to pay off debts to its peer companies, Edelca [Caroni River Electrification Project] and Interalumina, using 15 billion bolivars; and then to pay its debts to banks and suppliers, using 50 percent of the 20 billion.

Reasons for Privatization

According to Layrisse, the aluminum industry is facing the most severe worldwide crisis of its entire history, but the minister feels that has been the major, but not the sole cause triggering the difficult situation of the Venezuelan aluminum industry, of which Alcasa represents 75 percent. "It would be great to think that all the problems have external causes, but there is a significant internal cause as well, although the international prices have been fatal."

One such factor was the industry's expansion process. According to the CVG head, the time for executing this process, the amount of money required, the future sales price, and the time needed to bring the plants to their optimum levels were all underestimated. This all led to a very severe financial crisis, to use his words. The results of all this, despite the positive returns of other CVG enterprises, were so negative that the entire CVG was pushed into the red.

"The profits of Ferrominera [expansion not given] of Edelca in forest products and other sectors are not sufficient to make up for losses in the aluminum sector," said Layrisse. "We are talking of losses on the order of 20 billion bolivars for Alcasa (at the close of 1992), while the other industries had profits of about 15 billion bolivars."

That is the scenario for the first privatizations of CVG enterprises, which will take place in two phases, since, for a profound restructuring, it requires actions that Layrisse describes as "harsh and draconian."

"Privatizing is not our objective. Our goal is to save these companies. This is the only way we have to guarantee jobs for our workers and a steady supply of aluminum. There are no public funds available to save the aluminum industry, for the average Venezuelan would certainly rather solve the problems of health care, education, and housing than the problems of the aluminum sector. That is the basic premise from which we are starting, and whoever does not agree with this should give us some other options. This is not a problem of poorly understood chauvinism."

The aluminum industry's problem is not just its losses, but most of all the problem of its cash flow, projected for the end of the year at 30 billion bolivars. This could affect its suppliers, and banks in general. The objective of privatization, though, is not to develop an investment plan; investments have been suspended since last December.

Rescue Goals

The CVG and FIV are now studying the parts that along with the restructuring will be privatized, but they do not yet know the order, given the complexity of the issue.

"We are putting everything on the table: the foil plant, the production plants, the lamination plants, and we are going out to negotiate on Alcasa's four possible areas. We still do not know what will happen because we are just beginning a process of negotiations, but in any case, a large part of Alcasa will cease to be part of the CVG."

The FIV, backed up by the Guacara plant, might sell this asset or might first negotiate the Puerto Ordaz lamination plant, and with the revenue from this, it might buy back the Guacara plant. But this is only one of the many possibilities being studied in order to save jobs and to avert a domino effect on the rest of the enterprises. The goal, in terms of labor, is not to reduce the work force but instead to engage in an expansion process after this course of treatment.

The opening to private capital will also in the future go to Sidor [Orinoco Iron and Steelworks], Proforca [expansion not given], mining activity, and Ferrominera, according to Francisco Layrisse, with the single exception of Edelca.

The different ways in which each privatization will be carried out are still under study, as for each enterprise a strategic association or some other method may be used. But in addition to money, other factors must also be provided: a management structure, technology, and a market.

* Maraven Projects in Orinoco Oilfields Described

93SM0381B Caracas EL UNIVERSAL in Spanish 21 Jul 93 p 9 Section 2

[Article by C.R. Chavez]

[Text] Although it is believed that Congress may approve five or more strategic associations in 1993 and 1994 for the extraction and processing of heavy and extra-heavy crudes in the Orinoco oilfields, the first two specific projects, arranged by Maraven [subsidiary of Petroven, Venezuelan Oil Company] and presented to Congress for its review and approval, schedule investments totaling $5.7 billion, according to the basic information Maraven has provided on this and other aspects of the projects, using maps and an investment chart.

The extraction and processing of these crudes that, aside from being very heavy, contain high proportions of sulfur, vanadium, and possibly other metals as well, will certainly be expensive, since in the case of these two Maraven projects, the processing is intended to upgrade the crude extracted from the oilfield. In the first project (Maraven-Conoco), the goal is to obtain a crude of No. 20 on the API [American Petrolum Index] scale, starting from No. 9 crude, the natural viscosity of crude from this oilfield. In the second case, (Maraven-Total-Itochu-Marubeni), the process will produce No. 31 API crude.

The Goal: 200,000 Barrels

For Maraven, strategic associations seem to be the right option for developing the Orinoco oilfields, where our immense reserves of heavy crudes are found. These reserves are calculated at 1.2 billion barrels. Using the technologies now available, 270 million barrels of this crude may be recoverable.

Obviously, producing this crude commercially, which makes up 70 percent of Venezuela's hydrocarbon reserves, is an immense national challenge involving both research and a search for opportunities to generate wealth, jobs, and economic development. This could place our country in a strong position as the primary supplier of crude to the entire American Continent during a large part of the next century.

In addition, the worldwide energy scenario indicates that in approximately 50 years, hydrocarbons will tend to be replaced by other energy sources. So we need to use this window of opportunity opening for us now and start to extract the immense hydrocarbon resources in the Orinoco oilfields, in order to generate wealth for all the Venezuelan people. Two projects are now under way for the development of the crudes in the Orinoco oilfields: one with Conoco, and the other with Total, Itochu, and Marubeni.

The Maraven-Conoco association will transform the Zuata crude, at an API index of No. 9, into an upgraded crude of No. 20 on the API scale. This will be processed in refineries in the United States. To do this, the heavy Orinoco crude will be transported by pipelines to Jose in northern Anzoategui, where it will be placed in an upgrading complex with a capacity of 100,000 barrels of improved crude a day, using Conoco's delayed cokization process.

Maraven's projected association with the French firm Total and a group of Japanese companies led by Itochu-Marubeni will produce 100,000 barrels a day of No. 31 crude, also starting from Orinoco crude. This crude will be sold in Europe, the United States, and Japan.

These associations, explained Maraven, have already been accepted by the national executive and are expected to receive congressional approval under Article Five of the law that reserves for the state the hydrocarbon industry and its sales. This legal instrument states that associations may be formed with foreign companies to engage in petroleum activities when that suits the public interest and, in special cases, so long as these associations are created for a specific duration, are guaranteed to be under state control, and the commercial agreement between the parties is arranged under the conditions established by Congress.

These two projects, added Maraven, requiring investments of approximately $5.7 billion, will allow Maraven to position itself in a plane of clear leadership in the petroleum industry in this type of association. Our company has earned this leadership position for itself, because it has broad experience in the development of heavy and extra-heavy crudes, since in addition to its operational activities in western Venezuela it has maintained an active presence in the Orinoco oilfields since 1980. There it has introduced technological innovations in well drilling and in transporting heavy crudes. But our petroleum industry, said Maraven, does not at the present time have sufficient financial resources to undertake these projects on its own. For this it needs to attract foreign investment, use a technological input that will complement the advances Maraven has made, and gain access to new markets. The Maraven-Conoco and Maraven-Total-Itochu-Marubeni associations will produce direct benefits, by generating foreign currency through the sale of upgraded crudes, raising the amount of tax revenues collected, and increasing purchases of goods and services of Venezuelan origin. These associations will provide a stimulus for other investments in Venezuela. During a projected lifespan of 20 years of activity, the two projects will probably generate total revenues of $43.550 billion.

These investments will have an impact on the industrial and commercial development of the regions where these activities take place, as well as on construction and upgrading of the physical infrastructure and on public services. Their ability to generate new jobs will promote harmonious development both in the eastern region and in the rest of Venezuela as well.

Moreover, stringent regulations will govern the execution of these projects so there will be a harmonious development of natural resources in the Orinoco oilfields, where the production facilities will be located, and in the coastal region, where the crude upgrading complexes will be built.

These strategic associations are designed in harmony with the guiding values of the national petroleum industry, promoting environmental improvement, conservation, and protection, and stimulating community development in their operational areas.

The plans for extracting, transporting, processing, and shipping the crude and its byproducts are designed on the basis of an extensive scientific analysis in order to meet not only today's environmental regulations, but also so that they may be in compliance with what is expected for coming decades in terms of environmental protection, both on a national and international level. This is to be accomplished with the objective of achieving a long and harmonious relationship between industrial development and the environment, reported Maraven.